

TERMINATION OF THE PNG WORLD BANK-GEF NATIONAL BIODIVERSITY STRATEGY AND ACTION PLAN PROJECT (TF NO. 21186)

30 APRIL 1999 - 30 APRIL 2002

A Report Prepared for the Ministry of Treasury and Finance

1. INTRODUCTION

This report stems from interests by the PNG Departments of Treasury, Finance, and Environment and Conservation, on why the National Biodiversity Strategy and Action Plan (NBSAP) Project (TF NO. 21186) with \$US 182,000-00 for a 12 months duration was terminated, and to possibly renegotiate the extension of the current project or a new project with the World Bank (WB)-Global Environment Facility (GEF).

The interest on the NBSAP Project surfaced with the termination of the Project on 31 April 2002 and the matter of whether we should repay the final balance of unused funds in the BSP (ex PNGBC) Special Account to WB in Washington, USA, by 31 January 2003. The only expenditure to date is K 702-24. The funds are still in PNG and have not been repaid which pose grave implications for non-compliance according to the WB rules.

The report provides a summary of the main undertakings and issues on a general chronological basis since 1994 to date for an understanding of some core issues. A set of specific recommendations is made as a way forward on the project.

2. BACKGROUND AND CONEXT

A background and context of the NBSAP is warranted in order to understand the issues that contributed and may have contributed to the implementation issues in PNG. This edges also on other significant implications to PNG and the need for PNG to advance the NBSAP Project with support from the WB and/or other GEF Implementations Agencies. It can be very difficult and inconvenient if the context and developments to date are not appreciated.

United Nations Conference on Environment and Development

In June 1992 the United Nations Conference on Environment and Development (UNCED) echoed the major global issues on social, economic and environmental problems. PNG signed the required outcomes of UNCED in 1992 and included the two principal Conventions namely, the *United Nations Framework Convention on Climate Change* (UNFCCC-1992) and the Convention on Biological Diversity (CBD). PNG ratified both Conventions in March 1993.

A subsequent outcome also of UNCED was the establishment of the Global Environment Facility (GEF) to receive financial resources from industrialized countries for disbursements to developing countries. The mechanism being to offset 'incremental costs' on recurrent budgetary constraints in which environmental portfolios are not normally internalized. The GEF assumes the initial support of implementation of the UNCED outcomes and especially the two main conventions, the UNFCCC and the CBD under "**Enabling Activities**". The thematic program areas covered by the GEF are referenced to UNCED and more recently the outcomes of the 2002 World Summit on Sustainable Development (WSSD). The main GEF focal areas include:

- depletion of the ozone layer by human activities;
- biodiversity loss and enhancement of conservation and development including biotechnology and biosafety measures;
- climatic changes due to human interferences;
- international waters pertaining to conservation and management of the water resources;
- desertification; and
- organic pollutants contaminating the natural environment and its goods and services.

The GEF Implementation Agencies that disburse financial resources through projects are:

- United Nations Environment Programme (UNEP) – on science and technology and principally is involved in regional projects with pilot projects in selected countries;
- United Nations Development Programme (UNDP) – on capacity building both for regions and member countries, and in PNG's case administers also an NGO window under a Small Grants Program.
- World Bank (IBRD) – on investments under special conditions such as 'soft loans' to member countries; and
- Asian Development Bank (ADB) – development of regional and member 'environmental investment' projects with its GEF portfolio still being established.

As can be noted the GEF projects are implemented either on a regional basis, in which case they are normally executed for the Pacific Island Countries through the South Pacific regional Environment Programme (SPREP) and other regional organizations (eg. Secretariat of the Pacific Community - SPC), or are country specific projects. All the previous GEF projects in PNG have been specific because of its size and hence the required budgets. PNG has never been part of any regional GEF projects through DEC until recently through the UNDP-GEF-SPREP International Waters Project (IWP), which commenced in 2001 runs for seven years.

CBD and the PNG Implementation Program

The implementation of the CBD commenced in earnest with the development of the National Forest Conservation Action Plan (NFCAP) in the mid 1990s. A number of major NFCAP projects laid the foundations however this momentum has not been maintained due to budgetary constraints. A principal requirement of biodiversity conservation that has not been complied with by PNG since ratifying the Convention in 1993 is the NBSAP.

The NBSAP is a requirement of the CBD and as such the objectives of the Convention must be highlighted to provide a rationale for the NBSAP, which must incorporate the core elements of the Convention.

The objectives of the Convention are stated as:

ARTICLE 1: Objectives

The objectives of this Convention, to be pursued in accordance with its relevant provisions, are the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding.

The relevant Article 6 on the NBSAP states:

ARTICLE 6: General measures for conservation and sustainable use

Each Contracting Party shall, in accordance with its particular conditions and capabilities:

- (a) Develop national strategies, plans or programmes for the conservation and sustainable use of biological diversity or adapt for this purpose existing strategies, plans or programmes which shall reflect, inter alia, the measures set out in this Convention relevant to the Contracting Party concerned; and
- (b) Integrate as far as possible and as appropriate, the conservation and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans, programmes and policies.

As alluded to earlier the basic implementation strategy adopted by PNG was through the NFCAP-DEC set of projects of which some significant ones are outlined in Table 1. The DEC-Conservation Resource Centre (CRC) was established under the UNDP-GEF Biodiversity Conservation and Resource Management Project (commonly referred as the ICAD Project) in 1992. It was charged with the capacity boosting mechanism to the national conservation movement in PNG to address detrimental forestry development operations, and to support the implementation of the UNCED outcomes with particular reference to the CBD and the UNFCCC. All the resources including technical and financial were being guided by the DEC-CRC for the development of relevant activities for NFCAP and the implementation of the UNCED and its two Conventions.

The DEC-CRC supported the DEC Conservation Division in the coordination of donor projects and sourcing of conservation resources. The DEC-CRC was 'abandoned' in 1999 with the termination of the UNDP-GEF Biodiversity Conservation and Resource Management, and the physical relocation of the UNFCCC-GEF-SPREP PNG Climate Change Project (PNGCAP) to the Somare Foundation Building at Waigani from Hohola with the rest of the DEC. The DEC-CRC was primarily involved in the design of the NFCAP, sourcing of projects and activities outside of NFCAP, and facilitated and/or assisted in the development of future projects including the current PNG WB-GEF Forestry and Conservation Project (FCP), UNDP-GEF and Conservation International (CI) project for the Milne Bay Marine Conservation and Development (MICAD), and the NBSAP.

PNG National Forest Conservation Action Programme

In the early 1990s, the National Forest Conservation Action Programme or Plan (NFCAP) was an agreed WB-GOPNG Project when the GOPNG requested assistance following the Barnett Inquiry into the whole forestry saga particularly. DEC and PNG Forest Authority (PNGFA) were the lead national agencies on implementing a whole array of projects on forestry development (PNGFA) and forest conservation (DEC).

This was a timely intervention in that the United Conference on Environment and Development (UNCED) was set for June 1992 and the likely outcomes were preempted by the NFCAP strategies and project designs, and included the likely obligations from agreements (conventions) that were adopted. The whole NFCAP design and implementation of projects were further subject to the final commitments by PNG to the UNCED in 1993.

It is noteworthy also that in 1995 the WB Structural Adjustment Programme (SAP) was agreed which included the forestry sector. The other main policy reform was the adoption of the *Organic Law on Provincial Governments and Local-Level Governments* (1995). All the projects were subject to these main policy undertakings between PNG and the WB.

With reference to the NBSAP the main projects of relevance in the NFCAP Projects under DEC and under the Department of National Planning and Rural Development (DNP&RD) are listed in Table 1.

Table 1: A list of main NFCAP Projects relevant to the NBSAP Project.

1. 1991-1992: AusAID DEC Strategic Plan – reorganization of DEC and its functions.
2. 1992-1994: USAID-BSP PNG Conservation Needs Assessment – initial attempt to consolidate all PNG biodiversity data and information worldwide and identification of priority areas in PNG.
3. 1992-2000: UNDP-GEF Biodiversity Conservation and Resource Management: capacity strengthening including networking of DEC by establishment of the Conservation Resource Centre (CRC); piloting of integrated conservation and development model (ICAD); development of the **PNG Mama Graun Conservation Trust Fund**; development of the Ecoforestry program; development of the climate change, ozone depletion, **conservation industry development and the carbon trade initiatives**; support to DEC through the CRC on additional and other donor project interventions in PNG which included:
 - implementation of the *CBD* and the *United Nations Convention on Climate Change* (UNFCCC-1992);
 - UNEP-GEF PNG *Country Study on Biological Diversity*;
 - DEC A Framework for Conservation Strategy;
 - UNEP-GEF Biodiversity Data Management (BDM) Project;
 - UNDP-GEF PNG Climate Change Project (PNGCCAP);
 - facilitation for the current UNDP-GEF-Conservation International (CI) Milne Bay Integrated Marine-Coastal Conservation and Development Project; and
 - facilitation for the current WB-GEF Forestry and Conservation (FCP) Project.

-
4. 1992-1995: EU-World Wide Fund (WWF) Protected Areas Rehabilitation (PARP Phase I) – review of the PNG Protected Areas Systems and the mooted Phase II of Conservation Areas Strengthening Project (CASP). The CASP is still in the Project Pipeline with the DNP&RD.
 5. 1994-1994: WB-UNDP-NZODA (DNP&RD) National Sustainable Development Strategy - resulted in the first PNG Medium-Term Development Strategy: 1996-2000.
 6. 1994-1998: AusAID DEC Institutional Strengthening – capacity strengthening of DEC on policy, management and administration of resources including human.
 7. 1995-1999: AusAID Oro Conservation Project – research and management strategies and include the protection of the Queen Alexandra Birdwing Butterfly (QABB) within and outside the palm oil estates in the Oro Province.
 8. 1998-1999: WB-AusAID Biodiversity Rapid Appraisal Program - (BioRap) – re-evaluated the whole PNG database systems particularly the PNGRIS and FIM and manipulated it to produce a ‘BioRap’ computer system for PNG under the custodianship of DEC.
-

Reiteration is made of the **Project No. 3 above** in Table 1 (**UNDP-GEF Biodiversity Conservation and Resource Management Project**) with particular attention to the DEC Conservation Resource Centre (CRC) which was able to facilitate and draw technical and financial resources as projects to support DEC’s functions on biodiversity conservation. Some of these were non-NFCAP projects which all have provided the fundamental building blocks for the NBSAP and distinguishes the PNG NBSAP from the other South Pacific NBSAP Projects. For ease of reference the updated projects of direct inputs to-date for the NBSAP from among a host of other PNG projects, are listed in Table 2.

Table 2: A list of main NFCAP and non-NFCAP donor projects that have laid the foundations and will support the NBSAP Process and Reports.

- 1992-1994: USAID-BSP PNG Conservation Needs Assessment Project (NFCAP).
 - 1992-2000: UNDP-GEF Biodiversity Conservation and Resource Management Project (NFCAP).
 - **1994-1995: UNEP-GEF PNG Country Study on Biological Diversity (non-NFCAP).**
 - **1995-1996: DEC A Framework on Conservation Strategy (non-NFCAP)**
 - **1997-1998: UNEP-GEF PNG Biodiversity Data Management (non-NFCAP).**
 - 1998-1999: WB-AusAID-GEF PNG Biodiversity Rapid Appraisal (NFCAP).
 - **1999-2003: DEC-Environment Australia Forestry Policy Support to DEC on a review of the BioRap and other PNG database systems (non-NFCAP).**
 - **2001-2009: UNDP-GEF-SPREP International Waters Project (non-NFCAP), runs for 7 years.**
 - **2002-2010: WB-GEF Forestry and Conservation Project (non-NFCAP). Project runs for 7 years.**
-

3. THE NBSAP PROJECT

The background and context of the NBSAP Project design and its implementation within an international context is essential to understand the strategy that DEC has embarked on since NFCAP. This includes comparison purposes with the rest of the regional initiatives as outlined in Tables 1 and 2. The UNDP-UNEP GEF support to the Pacific initiatives for their NBSAPs or BSAPs (Biodiversity Strategy and Action Plans) since 1999 has been through the South Pacific

Regional Environmental Programme (SPREP). These merely articulate their strategies and action plans on what to do without any real data and information. They embark on data collection and information gathering as a core activity.

The PNG strategy is a reversal of the regional situation in that through the NFCAP and other donor programs PNG pushed hard for data collection and information both in-country and world-wide for mainstreaming of environmental issues in social, economic and environmental considerations in national planning as called for by UNCED. This position has also been reiterated by the 2002 World Summit on Sustainable Development (WSSD), which has assumed the UNCED global program of actions. Table 2 outlines the strategy where some of the projects publications have taken the world by storm and are been sought by reputed international library collections and the world of academia. This exercise commenced in 1992 and continues as can be seen in Table 2.

DEC acknowledged then that data and information on PNG will never be exhausted and will be a long-term activity. DEC acknowledged also that the land-based activities would always pose major detrimental implications on biodiversity conservation and its sustainable use (of its genetic resources) and that by mid 1990s, DEC mooted an urgent national strategy on biodiversity conservation (Article 6) to be consistent with the CBD. A Clearing House Mechanism (CHM) was needed as required by the CBD **Article 17 (Exchange of information)** and **Article 18 (Technical and scientific cooperation)**, and the need to present a national report(s) on implementation of the Convention as required under **Article 26 (Reports)**.

These requirements were all incorporated into the NBSAP Project design with an envisaged PNG National Report to have been submitted to the CBD Secretariat by 1998 through the NBSAP Project. It should be noted the NBSAP document requires the Government's (National Executive Council) approval. This action program however never eventuated as projected, and an outline of our bitter experiences is provided in the following chronology.

- 1994 Through the 1994 Country Study process in its final workshop in Madang, DEC on its own requested a Dr Larry Orsak (Christensen Research Institute, Madang) to compile the views on strategies for biodiversity conservation in PNG.
- 1995 Dr Larry Orsak worked on a draft, A Framework for a National Conservation Strategy, for consultation and presented it to DEC for reviews and public consultations. This was a voluntary effort at no costs to DEC. DEC provided a computer and office space.
- 1997 The DEC-Orsak consultation draft was rejected by a WB consultant, Mr Glen Barry. He advised that it should be on biodiversity data and information gathering, which PNG had already undertaken to some great extents [Mr Barry was the consultant the on the Environmental Assessment component of the WB-GEF FCP].

A WB draft Project Documented was presented to DEC for reviews and was subsequently agreed for a total sum of **\$US 182,000-00**.

The Project agreement also raised issues to DEC in that UNEP had been the prime GEF Implementation Agency on data and information and would have been synthesized in the NBSAP. DEC was surprised when the NBSAP appeared under WB. DEC's enquiries on how the change had been negotiated and agreed to by the Implementation Agencies had never been resolved by the WB and PNG agencies.

The NBSAP Project was envisaged to commence by February 1998 for 12 months. This did not eventuate until the project was finally approved to commence on 30 April 1999.

30 April 1999 NBSAP Project Commenced The NBSAP commenced with Mr Glen Barry as the WB Manager for the Project. Due to unknown reasons that DEC has never known the Project was never implemented. DEC waited the whole year with no support, direction and supervision from the WB.

The regional UNDP-GEF SPREP NBSAP commenced and PNG was regularly invited to the regional workshops. In the absence of WB procedures, DEC mooted the PNG national process under the requirements of the UNDP guidelines without any form of technical and financial support by the WB and UNDP. Contributions in kind and voluntary assistance by national and local agencies, organizations and individuals poured into the effort.

DEC's Dr Navu Kwapena was appointed as the National Project Coordinator for the NBSAP Project. The initial process included a National Steering Committee (NSC) and a Technical Steering Committee (TSC) being established in September 1999. The NSC was headed by DEC (Secretary) with representatives including UOT, UPNG, PNGFA-FRI, PM&NEC, DP&LLGA, DAL, NARI, NGOs (TNC, CI, CM), PINBio, DOM-MSR, DJ&AG.

The TSC was principally a planning committee that was headed by Mr Wep Kanawi (TNC). Other Committee members included DEC (John Genolagani), DAL (Maia Wamala), NARI (Ms Rosa Kambuou), DJ&AG (Ms Hane Kila), DNP&RD (Ms Nancy Ebbes) and Dr Navu Kwapena (NBSAP National Project Coordinator).

The TSC program leaders undertook the initial updates on the existing data and information in literatures on the thematic areas agreed by the inaugural NSC in DEC. The main areas were:

- DEC – biodiversity conservation and the NBSAP components on National Report and the CHM;
- NARI – sustainable use of biodiversity components (genetic resources);
- DAL – agrobiodiversity conservation and development;
- DJ&AG (Attorney General) – policy and legislation development; and
- DNP&RD – economic incentives through access-benefit sharing mechanisms.

All that was needed was funding for technical assistance for selected persons and national consultants to write and edit the reports and the final compilation of the NBSAP.

30 April 2000 Extension 1 This was short lived when from 10-20 April 1999 the WB-GEF NBSAP project surfaced again with the appearance of Mr Andrew Bond and Mr Glen Barry to advance the project and to discuss their draft WB Aide Memoir. The TSC was optimistic that the NBSAP would be completed with the WB financial resources by early 2000. **The WB and the TSC-DEC had a heated confrontation in the WB Country Office on 14 April 2000 over reasons on the loss of 12 months.** All the relevant documentation on the NBSAP was provided to Mr Andrew Bond and Mr Glen Barry.

The WB consultants directed that all UNDP procedures be abandoned and that the extension of the Project be requested. These were all undertaken for the project to be extended by another 12 months. The recommendations in the Aide Memoire (draft of 20 April 2000) established an Action Plan that included a request for an extension and management components of the project from 1 May 2000 to February 2001 when the project was envisaged to have been completed. This included the WB reviewing and reorganization of the NBSAP Project design and relevant terms of references.

The extension was agreed by the WB on 12 April 2000 and agreed to by PNG on 25 May 2000, which meant that the project was set to roll. A considerable delay resulted when Mr Glen Barry advised DEC that he was no longer associated with the Project. Mr Andrew Bond then advised that he was managing the project now.

Further delays and inconveniences due to obtaining approvals from the Department of Treasury and the Treasurer (Prime Minister) and the setting up of the Special Trust Account were experienced. DEC had earlier attempted to set up the Trust Account with WesPac Bank but the Bank opted out. The BSP (ex-PNGBC) Port Moresby account was established at a snail's pace. By the time the appropriate documentation were in order the 12 months duration had lapsed had lapsed again!

It should be noted that during this period Mr Bond was concentrating on the negotiations of the WB FCP and also another AusAID-WB GEF Project on the National Strategy Studies (NSS) for the Clean Development Mechanism (CDM) of the UNFCCC Kyoto Protocol. DEC was only being advised and directed on NBSAP matters when Mr Bond was in Port Moresby on the WB FCP issues.

30 April 2001 Extension 2

And so initial project duration of 12 months lapsed and a second extension was required and the usual WB procedures were repeated.

The WB FCP again dominated Mr Bond's activities in PNG and less attention was paid to the NBSAP project. The major difficulties being obtaining the appropriate approvals for the extension and funding to arrive in Port Moresby by the WB and Department of Treasury. There were no periodic and systematic directions from both agencies to DEC and vice versa and frustrations set in.

During various visits by Mr Andrew Bond various references were made to the WB-GEF FCP assuming the NBSAP Project. The relevant FCP and other resources could be co-opted to still maintain the project if the project was terminated.

It is noteworthy also that additional resources included Environment Australia in the revised Project Document, which DEC was not entirely happy about. This was a further uneasy in DEC on WB-Environment Australia in their alliance on a PNG forestry and conservation (fcp), Environment Australia was using to support DEC without the knowledge of the PNG WB-FCP Oversight Committee. This came to light during the 2002 PNG-Australia Bilateral Ministerial Forum.

The interest being that in September 1999 the NBSAP National Steering Committee made an undertaking then that PNG had the capacity in terms of human resources, but not financial, to take carriage of the whole process and complete the work without any external consultants. The NSC demanded a full PNG ownership of the project by undertaking of its work, by PNGs.

November 2001	The WB advised DEC of the NBSAP Project endorsement. DEC submitted application for withdrawal to DOT. DEC did not procure computer and peripherals for the CHM component due to an administrative blunder. This entailed a budget of \$US 8,500 . Mr Andrew Bond had advised that a mechanism will be set up to deal with the continuation of the project since it will extend beyond the 30 April 2003 termination date.
December 2001	DEC and DOT reviews on BSP documentation on financial statements, and implementing the procurement of consultancy services components with a sum of \$US 168,500 .
1 February 2002	Advertisements for consultancy bids (K702-24).
15 March 2002	Deadline for consultancy bids of which only one (1) bid was made which represented a consortium of about 20 international and national organizations. Note: Technical and Financial Evaluations after six (6) weeks from close of bids (15 March 2002) meaning that 30 April 2002 when the evaluations would have been undertaken.
30 April 2002	Project Completion Date Lapsed – There were no directions nor any form of advise on the manner to proceed from the WB or DOT. DEC continued with the main project activity of finalizing the consultancy bids.
3 May 2002	Technical Evaluation of the Bid undertaken after delays in the Evaluation Committee members not meeting together.

24 May 2002 DEC advised of NBSAP Project terminations by a verbal debrief to DEC Secretary by Mr Andrew Bond and for DEC to write to that effect. This was undertaken in letter of 24 May 2002 to Mr Klaus Rohland.

Financial Evaluation of the Bid not undertaken due to the termination and all project activities ceased and files closed.

Note: the Bid validity was for a period of 90 days from the date of submission and ended on 14 June 2002.

25 November 2002 Mr Andrew Bond advised DEC verbally on the remaining outstanding funds be transmitted to WB Washington by 30 November 2002 and that failure to comply will invoke certain conditions of no further support by the WB on new projects.

25 November 2002 DEC informed DOT on the matter of fund remittances. There have never been any formal responses on the matter from DOT.

10 December 2002 A consultative meeting between Departments of Treasury and Finance and DEC on the matter was held at Vulupindi Haus on the project. The Central Agencies involved acknowledged their lack of awareness and knowledge on the evolution of the project and its implementation and requested a status report on the project. The interest being to renegotiate the NBSAP project with the current WB Country Manager to further extend or establish a new project and not refund the funds yet.

At this meeting a copy of a letter by Mr Klaus Rohland dated 28 October 2002 to Hon. Bart Philemon, Minister for Finance and Treasury, to refund the monies by 31 January 2003 otherwise the conditions of non-compliance may apply, was sighted.

The condition are:

- ... may affect the possibility of Special Accounts being made available for new projects to be approved by the Bank; and
- ... may also affect the possibility of further Grants being made available to Papua New Guinea.

The letter by Mr Rohland has not been copied to DEC.

24 January 2003 Hon. Sasa Zibe, Minister for Environment and Conservation and DEC officials had consultations with the WB Country Office manager on the occasion of the PNG WB Country Director's visit. The NBSAP project was raised by Mr Maesh Sharma and

requested relevant reports and the Project Document with a view to review the project. Mr Sharma advocated the WB's interest and would like to enter into an appropriate dialogue subject to various requirements of PNG and the WB.

13 February 2003 DEC Secretary Dr Wari Iamo noted the grave consequences of not refunding the WB GEF funds through an unsigned letter by Mr Rohland to the then Prime Minister, Sir Mekere Morauta, by Mr Andrew Bond with the same contents as that for Minister Philemon.

DEC Secretary directed that an updated report and appropriate advice given all the information in DEC be provided to the Ministry of Treasury and Finance and copied to Minister Zibe and WB Country Manager, Mr Sharma. Further consultations with the Chief Secretary and Secretary Kambori will be undertaken in the ensuing weeks.

17-18 February 2003 Preparation of the report.

20 February 2003 Report and relevant documentation submitted and delivered to the Minister for Treasury and Finance.

4. ISSUES AND PROBLEMS AS PERCEIVED BY DEC

On hindsight, many of the pertinent issues and problems on the implementation of the NBSAP project can be gleaned from the notes above. This was the first WB-GEF Project that was directly being implemented by DEC and a lot was desired on **understanding the WB procedures, coordination and management**. These also included technical advice on WB procedures from the WB, and the DOT and DOF.

DEC had a previous experience on the World Bank-GEF BioRap Project. This was however managed by the Australian National University (CRES) and PNG was only one of the recipient beneficiaries. DEC has major experiences on management issues of UNDP and UNEP GEF projects but the NBSAP Project presented new scenarios.

This is the only project that started with a UNEP-based requirement through some projects, then an initial process under a UNDP regional process, and, finally while still going through understanding the mechanics of the WB procedures the project was terminated. The project had been subject to three major GEF Implementation Agency procedures.

In relation to this also DEC is far from satisfied as to who had negotiated and authorized the NBSAP Project to transfer from UNEP to the WB. This same situation can be said for the incorporation of the PNG *Mama Graun* Conservation Trust Fund in the current WB-GEF FCP.

Has it solely being the WB and its NGO partners that have been instrumental in these changes over the forestry conservation matters? Or has it been the GOPNG without consulting DEC on the matters?

PNG is now paying the price at this point for a project implementation that has not been transparent from the beginning and DEC's national coordination and management of international projects is now under question.

On hindsight DEC has a high opinion that the NBSAP Project was subject to the WB-GEF FCP negotiations. It is not by chance nor coincidence that the considerable delays and timings of approvals were almost matching. DEC understands that the NBSAP Project is not a condition of the WB-GEF FCP!

In short DEC had a lot of assumptions that the WB would provide policy and technical advice on a daily basis on the project while the financial and other obligations to the WB-GEF would come from the DOT. On the other hand the other two main players (WB and DOT) may have assumed that DEC is fully versed with the implementation of the WB projects. From the perspective of DEC is of the opinion that a more proactive WB support would have been appropriate particularly through the Country Office, which was used for meetings and copying of relevant documentation at times, not often.

The current problem in the main is on the reimbursement of the WB-GEF funds. The termination of the project is already effected. DEC fails to understand why the DOT and DOF did not reimburse the funds promptly.

With the interest in principle however by the major parties to continue or renegotiate the NBSAP Project the first undertaking is to seek the WB endorsement to hold the monies in PNG while an appropriate dialogue is established. **Without any funds in PNG there can be no meaningful discussions in that PNG would have to request a new NBSAP project support to the GEF Council, and the option of partnering a new GEF Implementation Agency.**

If the WB can authorize the retention of the funds in PNG, of which DEC supports, and there is a successful outcome from the mooted dialogue, DEC strongly supports the WB Biodiversity Section under Dr Kathy McKinnon to manage the project, and not the WB Forestry Section.

5. CONCLUSIONS

The retention of the remaining balance of funds in PNG is a prerequisite to further negotiations on the project between PNG and the WB. There is considerable interest in principle to enter into an appropriate dialogue with the WB through its Country Office. The financial resources are needed by PNG to meet its obligations under the CBD and other international forums (WSSD).

The project has been terminated and the description portrayed above is an outline of the issues and matters that must not be repeated as a learning curve. The issues should also not dissuade PNG from working with the WB, but to strengthen the capacity of DEC and other agencies and organizations that are envisaged to support the NBSAP and vice versa.

6. RECOMMENDATIONS

1. Retain the remaining unused balance of the NBSAP Project funds in the BSP Port Moresby account by seeking an urgent authorization from the WB Country Office.
2. Enter into a formal dialogue with the WB Country Office urgently to renegotiate the NBSAP Project for an extension or a new project.
3. That the WB Biodiversity Section under Dr Kathy McKinnon assumes the NBSAP Project if and when negotiations are successful.
4. If the above three (3) main recommendations are not possible, that is, the funds must be repaid, the whole process with the WB be stopped and that a new GEF grant application be submitted to the GEF Council with options of another GEF Implementation Agency partner (UNEP, UNDP or ADB).