PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
TYPE OF TRUST FUND:GEF Trust Fund

PART I: PROJECT INFORMATION

Project Title:	Sustainable financing of Papua New Guinea's protected area network		
Country(ies):	Papua New Guinea	GEF Project ID:	9536
GEF Agency(ies):	UNDP	GEF Agency Project ID:	5507
Other Executing Partner(s):	Conservation and Environmental Protection Agency (CEPA)	Submission Date: Resubmission Date: 2nd Resubmission Date:	27 June 2016 10 August 2016 27 September 2016
GEF Focal Area(s):	Biodiversity	Project Duration (mths)	60
Integrated Approach Pilot	IAP-Cities ☐ IAP-Commodities ☐ IAP-Food Security ☐	Corporate Program: SGP ☐	
Name of parent program:	N/A	Agency Fee ($)	1,018,321

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	**Trust Fund**	**(in $)**	
		GEF Project Financing	**Co-financing**
BD-1 Program 1	GEFTF	11,314,679	49,540,000
Total Project Cost		11,314,679	49,540,000

B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: *To reduce the funding gap for Papua New Guinea's protected areas in order to improve their management effectiveness, and the livelihoods of their communal landowners*

Project Component	**Financing Type**	**Project Outcomes**	**Project Outputs**	**Trust Fund**	**(in $)**	
					GEF Project Financing	**Co-financing**
1. Development of the enabling conditions for improving the financial sustainability of the protected area system	TA	The capacity of CEPA to effectively plan, secure and administer funds for the protected area system is strengthened: - Capacity assessment scorecard for CEPA increases from 38% to >70% by EOP, and to >50% by mid-term; - Financial scorecard for the PA system increases by 40% from the baseline[1]; and - Funding from the state budget and other CEPA-administered income for managing the PA system increases from <US$2m/annum to >US$6m/annum by EOP.	1.1 Develop a medium-term financial plan for the protected area system (assess needs and quantify funding gap; analyse viable revenue-generating options; identify legislative, regulatory and institutional requirements; and prepare implementation plan) [2]. 1.2 Strengthen the financial management capabilities of CEPA, counterpart government agencies and partnering institutions (develop medium-term and annual budgets; prepare financial policies and procedures; establish financial controls; develop accounting systems; and	GEFTF	2,400,000	14,000,000

[1] The baseline for the financial scorecard will be assessed at the PPG phase.
[2] The determination of the current financial baselines, projected funding needs, and financial gaps for the PA system, and an assessment of the feasibility of different revenue-generating options, will (as far as practicable) be undertaken during the PPG phase. The outstanding financial planning work will then be continued in the full project implementation phase.

			facilitate financial reporting and auditing). 1.3 Mobilise funding for the protected area system (build business case for funding the protected area system; develop enabling legal, regulatory and policy framework; prepare a PPP concessioning system; develop pricing strategy for PA products, services and facilities; brand and market protected area system; develop environmental certification scheme for PA-based products; pilot a national PES and biodiversity offset scheme; earmark funding from environmental fees, taxes and levies; and improve donor management processes).			
2. Establishment, operationalization and mobilization of funding for a Biodiversity Trust Fund	TA	Strengthened Conservation Trust Fund that is operationally functional and strategically focused on delivering long-term funding to support the establishment and management of a representative network of protected areas in PNG: - At least US$8m is invested in the endowment portion of the Trust Fund, and yields an income of at least US$750,000 per annum by EOP and - The sinking portion of the Trust Fund attracts at least US$5m for earmarked project-based grants.	2.1 Review existing conservation trust funds in the country and based on the TF assessment, reinforce the existing structure or establish a new national Biodiversity Trust Fund ensuring optimal solutions for sustainable financing of PA system, and constitute its governing body (prepare governing document; register trust; constitute Board of Trustees; and establish advisory committees). 2.2 Based on the TF assessment, use existing structure or recruit and operationalize a professional fund management team to manage the daily operations of the Biodiversity Trust Fund (recruit full-time professional staff or contract fund administrator; establish dedicated fund office; procure and install equipment and IT infrastructure; and contract a fund investment manager).	GEFTF	4,100,000	12,000,000

			2.3 Prepare the strategic and operational planning documents for the Trust Fund (consultatively draft and adopt the funds': strategic and financial plan; resource mobilization plan; and operating manual). 2.4 Administer GEF resources to leverage matching funding from ODAs and other donors to the endowment capital of the Trust Fund			
3. Strengthen the management capacity and financial sustainability of individual protected areas	TA	A basic protected area planning and management capacity is developed in the areas targeted for formal designation under the new protected area classification system. A suite of mechanisms to improve revenue streams is developed and implemented in these targeted areas, once they are designated and functional. - The average METT scores of the (6) new designated protected areas increase to at least 20% higher than the baseline[3]; and - Net income from revenue-generating activities in the targeted individual protected areas exceeds US$100,000 per annum by EOP; - The number of individuals [of whom are women] living in rural villages in and around PAs who directly benefit[4] from the Biodiversity Trust Fund exceeds a cumulative total of 1,000 [550] by EOP.	3.1 Provide technical and financial support to 6 areas targeted for formal designation as PAs (trust fund outreach; technical and financial support to villages and communities; grant application screening; grant awards; grant contracts/ MOUs; and independent field evaluations, project progress reports and audit reports). 3.2 Pilot, or expand existing, income-generating activities in the targeted areas that are formally designated as protected areas (negotiation of biodiversity offsets; development of specialized tourism, hunting and fishing services and products; establishment of butterfly and fish farming operations; establishment of crocodile ranching operation).	GEFTF	4, 280,000	23,000,000
Subtotal (Components)					10,780,000	49,000,000
Project Management Cost (PMC)				GEFTF	534,679	540,000
Total (Project Cost)					11,314,679	49,540,000

C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

[3] The baseline for the METT scorecard will be assessed at the PPG phase

[4] 'Direct benefits' will be measured by an increase the annual income of an individual as a direct result of financial and technical support from the Trust (e.g. income from: employment; business opportunities; increased production of food; sale of services; sale of products; etc.).

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount ($)
Recipient Government	Conservation and Environmental Protection Agency	Grants	12,000,000
Recipient Government	Dept. of National Planning and Monitoring (DNPM)	Grants	4,940,000
Donor Agency	Government of Australia	Grants	12,000,000
Private Sector	ExxonMobil	Grants	10,000,000
Private Sector	Barricks Gold	Grants	10,000,000
Private Sector	Sime Darby Group	Grants	500,000
GEF Agency	UNDP	Grants	100,000
		Total Co-financing	49,540,000

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in $)		
					GEF Project Financing (a)	Agency Fee (b)	Total (c)=a+b
UNDP	GEFTF	Papua New Guinea	Biodiversity	NA	11,314,679	1,018,321	12,333,000
Total GEF Resources					**11,314,679**	**1,018,321**	**12,333,000**

E. PROJECT PREPARATION GRANT (PPG)

Is Project Preparation Grant requested? Yes ☒ No ☐ If no, skip item E.

PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

Project Preparation Grant amount requested: $ 300,000				PPG Agency Fee: $27,000			
GEF Agency	Trust Fund	Country/ Regional/Global	Focal Area	Programming of Funds	(in $)		
					PPG (a)	**Agency Fee**[5] (b)	**Total** c = a + b
UNDP	GEFTF	Papua New Guinea	Biodiversity		300,000	27,000	327,000
Total PPG Amount					**300,000**	**27,000**	**327,000**

F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	*1,897,595 hectares*[6]

PART II: PROJECT JUSTIFICATION

1. Project Description

1) *the global environmental and/or adaptation problems, root causes and barriers that need to be addressed*

Papua New Guinea (PNG) encompasses some of the world's last great tracts of mature tropical rainforest and its largest coral reefs. These forest and marine ecosystems, combined with a unique array of species that have evolved here in isolation, have made the country one of the world's most important biodiversity hotspots. PNG contains more than 7% of the world's biodiversity in less than 1% of the world's land area, making it one of

[5] PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

[6] Represents the total extent of the PA system.

eighteen mega-diverse countries of the world. PNG also forms part of the 'Coral Triangle', a centre of diversity for corals and other marine life.

PNG is home to more than 18,894 described plant species (including over 3,000 species of orchids - more than 10% of the world total), 719 birds, 271 mammals, 227 reptiles, 266 amphibians, 341 freshwater fish species, 600 species of coral and 3,000 species of reef fish (about 10% of the world total). Its principal marine and coastal ecosystems include 13,840 km^2 of coral reefs, 4,200 km^2 of mangrove forests, and extensive seagrass beds. PNG is a centre of endemism of mangrove communities, with at least 37 species that make up coastal fringing mangrove forest ecosystems. Two hundred mammals occurring in Papua New Guinea are endemic - notably marsupials (e.g. 7 species of tree kangaroos and 2 species of long beaked echidna) and rodents – of which 33% are threatened. Of the thirty two species of birds of paradise occurring in PNG (of a world total of 39 species), 10 are endemic to PNG and 20 are endemic to the island of New Guinea.[7]

The main threats of deforestation in PNG are, at least for the foreseeable future, driven by clearing for subsistence agriculture and commercial logging. It is estimated that as much as 200,000ha of forest are being cleared annually, with around six million hectares of land currently under smallholder subsistence and semi-subsistence farming systems. The forests accessible for logging concessions (i.e. the lowland forest areas) are also being cut at a rate of 1.1–3.4% annually, with nearly all of the commercially viable forests already under logging concession or earmarked for future logging. Some estimates predict that, at current rates of logging, 83% of the commercially accessible forests in PNG will be depleted by 2021. Harvesting for fuelwood is a further contributing factor to forest damage, with annual fuelwood use in PNG estimated at 3.4 million m^3. Between 2002 and 2014, a total of 3,752km^2 of tropical rainforest was cleared and 7,705 km^2 of previously unlogged forest was logged (*The State of the Forests of Papua New Guinea*, 2014). Large-scale open pit mining for minerals such as gold and copper have also resulted in both direct impacts from forest clearing (including for infrastructure, access roads and associated support) as well as incidences of marine and riverine pollution from the runoff of tailings.

Local people depend heavily on PNG's natural resources for sustenance, with some 1,035 different plant species known to be used for various purposes. Wildlife plays an important part in traditional diets, constituting the primary source of protein and fats in many highland and isolated areas of the country. In coastal communities a wide variety of seafood, including fish, molluscs, and turtles, are an important protein source in local diets. Currently, coral reef ecosystems in PNG are being exploited almost exclusively by small-scale artisanal and subsistence fishers that use a range of techniques to harvest reef and reef-associated fish. The incremental erosion of long-standing customs and traditional systems of authority in local communities is resulting in an increase in unsustainable natural resource harvesting practices (e.g. use of gill nets). When people harvest natural resources outside the confines of traditional knowledge and practices, the rapid depletion of these resources often results.

Local people also continue to use fire as a deliberate resource management tool (e.g. for slash-and-burn agricultural practices, hunting of game in grasslands, and to trigger the propagation of useful species), suppressing the natural regeneration of forests and exacerbating the outbreaks of destructive wildfires. As a result of these and other disturbances, the existence of extensive stands of invasive weeds – such as the bamboo piper (*Piper aduncum*) - is becoming more pervasive in many places.

The anthropogenic impacts on biodiversity in PNG are being compounded by the high population growth rate (~2.7% per annum) and the very large proportion of the population dependent for their livelihood on subsistence farming and harvesting of natural resources. Estimates suggest that under current population growth trends in PNG, all arable land will need to be used to meet the food demands of the population by 2025, after which the population will outstrip the capacity of the land to support subsistence agricultural production.

PNG is also highly vulnerable to the impacts of climate change: maximum temperatures in PNG have increased at a rate of about 0.11°C per decade, sea levels have risen by about 7 mm per year since 1993, and the level of ocean acidification has been slowly increasing. Projections for all emissions scenarios (low, medium and high) indicate that: (i) the annual average air temperature and sea surface temperature will continue to increase[8]; (ii)

[7] Draft *Fifth National Report to the CBD* (2016)

[8] By 2030, under a high emissions scenario, this increase in temperature is projected to be in the range of 0.4–1.0°C.

average annual and seasonal rainfall will increase; (iii) the frequency of tropical cyclones will decrease, while the proportion of more intense storms will increase; (iv) sea level is expected to continue to rise[9], with a concomitant increase in the impact of storm surges and coastal flooding; and (v) the acidity level of sea waters will continue to increase.[10]

The establishment and management of a network of 'relevant, comprehensive, adequate, representative and resilient' protected areas (PAs) forms a key component of PNG's biodiversity conservation and climate resilience strategies. There are currently three types of PAs in the country: (1) *National Parks and Wildlife Sanctuaries* (NPWS) designated under the National Parks Act 1982[11] which are gazetted on freehold land and managed by the State; (2) *Wildlife Management Areas* (WMAs) designated under the Fauna (Protection and Control) Act 1966, which are managed by local communities on communal land for the conservation and sustainable use of wildlife resources; and (3) *Conservation Areas* established under the Conservation Areas Act 1978, which allow communities to declare Conservation Areas on communal land (with these declarations being endorsed by the Government following the submission of a formal request). The current extent of formally designated protected areas in PNG is 1,897,595ha (3.8% of the country), 91% of which comprise Wildlife Management Areas (WMAs). While several WMAs were previously also established in marine areas, the current trend has been the establishment of *Local Marine Management Areas* (LMMA) by communities around the country.

With approximately 92% of the land, and 90% of the near-shore marine areas, in PNG under customary land ownership, customary landowners thus own and are responsible for administering - with the support of other partners (mostly NGOs) - most of the protected areas in PNG. The national, provincial, district and local level governments are required to provide the enabling legislative, policy, institutional and technical support to these customary landowners in meeting their protected area stewardship responsibilities.

Most of the individual protected areas still do not have a secure legal conservation tenure and are not being effectively planned, managed or monitored. A review for the World Bank/WWF Alliance for Forest Conservation and Sustainable Use showed that 73% of PNG's protected areas have minimal or no management structure, 16% had no management at all, 8% had a management structure but there were serious gaps, and only 3% were well managed with a good infrastructure. This poor state of management of protected areas was also affirmed in the RAPPAM report for PNG (*An Assessment of the Effectiveness of Papua New Guinea's Protected Areas Using WWF's RAPPAM Methodology*, 2009).

To address, in part, the weak conservation tenure and poor state of management of the PA network, the Government of PNG has recently adopted two key policy and legal instruments: (i) the *Papua New Guinea Policy on Protected Areas* (PAP, 2014) which seeks to improve the extent, conservation tenure, governance, management and representativeness of the existing protected area network; and (ii) the *Conservation and Environment Protection Authority Act* (CEPA Act, 2014) which provides for the establishment of a new statutory body - the Conservation and Environment Protection Authority (CEPA) – that will, as part of its wider environmental management functions, act as the lead agency to oversee and coordinate the implementation of the PAP[12]. The expectation of the Government is that the establishment of the CEPA, and the re-classification of PAs would - over the long-term - result in a significant improvement in the overall management effectiveness of the PA network in PNG. The Government is also in the process of preparing a new consolidated 'Protected Areas Act'.

Despite this renewed Government commitment, the implementation of the PAP is severely constrained by *inter alia*: limited institutional and individual capacities; insufficient staff, equipment and infrastructure; low funding levels; limited performance monitoring capabilities; weak levels of enforcement; and poor co-ordination and cooperation between the communities, organisations and agencies directly responsible for the operational planning and management of individual protected areas. While a number of complementary initiatives have been developed to support the government in addressing some of these constraints, the current funding baselines for

[9] By 2030, under a high emissions scenario, this rise in sea level is projected to be in the range of 4-15 cm.
[10] *Climate Change in the Pacific: Scientific Assessment and New Research. Volume 1: Regional Overview. Volume 2: Country Reports. 2011*
[11] Repealed under the CEPA Act (2014).
[12] Through the Protected Areas Management and Oversight Unit in the CEPA.

the PA network, and the capacities to administer and improve revenue streams for protected areas, are well below the levels required to ensure that the PA network can properly serve its long-term function of protecting biodiversity.

The financial situation of protected areas is considered precarious, and highly dependent on sporadic, project-based support from development partners, donor agencies and NGOs. Given the current weak levels of regular and reliable financial support for protected areas, long-term financing to cover the basic operating costs of the highest priority protected areas in PNG is emerging as the single most important constraint to saving these outstanding areas of globally critical biodiversity.

There are two key barriers to improving the funding baseline for, and building the financial management capacities of, protected areas in PNG:

(a) Weak business planning skills and limited financial planning and management capabilities

There is a dearth of reliable information on the financial sustainability of the protected area network, and the income and expenditure of individual protected areas. There is also no standardized approach to facilitate network-level reporting of financial performance, or to compare income and expenditure across the different categories of protected areas. PNG does not yet have a financial plan for its network of protected areas. There are also very few active management or business plans[13] in place to guide and direct the prioritised funding of individual protected areas. In the absence of this knowledge it is extremely difficult to objectively assess the financing requirements for the current protected area network.

At the national government level the Sustainable Environment Program within CEPA has a total staff complement of 26, of which only 13 support the administration of the entire terrestrial and marine protected area network in PNG. There is limited funding available for field-based work by these protected area support staff, so many of the professional staff are largely desk-bound. The protected area support staff within CEPA also have extremely limited expertise in business-oriented financial planning tools for protected area management, and have no practical experience in developing and implementing a range of different approaches to securing funding for protected areas. While there is now a modern national policy setting (PAP, 2014), the enabling legislation is not yet in place to support the diversification of the funding base for protected areas (as is being envisaged by the PAP). Improving revenue streams for protected areas still remains a new area of development for the country. There is thus an urgent need to identify the applicability of the different financing instruments under different PA management regimes, and to prepare specific policies and regulations to facilitate and direct their implementation. Further, a strong business case needs to be developed to motivate an increase in government funding of the new rationalised protected area estate envisaged by the PAP, notably through investments in infrastructure and facilities that could contribute to improving the long-term financial sustainability of the new protected area network. Underpinning this business case is a need to better understand the value of the goods and services provided by the protected areas so that investment decisions are made by government with the full understanding of the costs and benefits involved. There is also limited capacity in CEPA to secure funding from multilateral development agencies, international conservation organizations and private donors for the protected area system in a coordinated and structured way.

At the provincial government (district and local) level, in most of PNG's provinces, the very low institutional capacities to meet delegated conservation and protected area mandates is a direct consequence of a lack of conservation staff, and associated funding. In the absence of a committed annual budgetary allocation to provincial governments, the conservation and protected area function will largely remain an unfunded mandate at this sphere of governance.

At the customary landowner level, capacities are highly variable depending on the financial and technical support provided by NGO and development agency partners. Generally, local communities have little or no practical experience in developing viable income-generating opportunities in protected areas under their stewardship. There is a general lack of awareness of income-generating options, and limited government support to create the enabling conditions required to optimize commercial opportunities. There remains a very strong dependency at all levels on international consultants and NGOs to identify and develop income-generating opportunities for

[13] *YUS Landscape Plan, 2013-2015* being a notable exception.

protected areas, with limited national, provincial, local and landowner capacity to undertake these functions. The investment priorities of well-capacitated international NGOs are not always well aligned with national priorities, sometimes resulting in a skewed distribution of the scarce financial resources.

While the PAP (2014) provides for the establishment of a 'Biodiversity Trust Fund' which will provide an 'accountable and transparent mechanism' to administer diverse sources of funding[14] for the protected area network, CEPA does not however have the resources or institutional capabilities to: set up this trust fund; establish the governance structures; draft the governing documents; staff and maintain a professional fund management team; implement a fund-raising strategy; prepare strategic and financial plans; manage fund investments; administer grant-making processes; and implement monitoring, evaluation and reporting requirements.

Although a number of small, local endowment funds have recently been established (with the active support of NGOs) for individual protected areas– such as the US$2m endowment fund for YUS – in order to finance recurrent expenditure costs over the longer-term, these trust funds are still quite small (relative to the need). Many other protected areas are largely neglected and unsupported. The Mama Graun Conservation Trust Fund (MGCTF)[15] currently only functions as a sinking fund in PNG, administering relatively small amounts of donor-specified funding.

(b) Insufficient and unreliable revenue streams to fund protected areas

Most of PNG's existing protected areas do not receive any long-term financial resources for their planning or management. Funding support for the few individual protected areas that are financed in PNG is almost entirely limited to external donors and conservation NGOs. There is effectively no state or provincial budget allocation committed to the day-to-day operational management costs of administering individual protected areas. There is a limited budget commitment (~US$135,000/annum) by CEPA to fulfil its oversight and regulatory function for protected areas, but no dedicated financial commitment from provincial (and district and local) governments to fulfil their oversight and regulatory functions. Without ongoing donor and NGO support, the protected areas in PNG would not have any financial resources to cover their operational management costs (e.g. salaries, running costs and maintenance of infrastructure and/or equipment), let alone be able to invest in their capital development. The long-term sustainability of the short to medium-term investments made by donor and NGO partners in a few selected protected areas is not being adequately addressed, with the government making little or no provision for the long-term cost and resourcing implications of sustaining donor-funded and NGO-supported projects.

The lack of active management in many of the existing protected areas has resulted in their biodiversity values being incrementally compromised by inappropriate developments and unsustainable levels of natural resource use. In response to this deteriorating situation, the Papua New Guinea Policy on Protected Areas (PAP, 2014) envisages a new governance structure for the network of protected areas, in which: (i) the establishment and management of 'national protected areas' (comprising national parks, national marine sanctuaries, national heritage sites and special management areas) is to be overseen by CEPA; (ii) the establishment and management of 'regional protected areas' (comprising community conservation areas and locally managed marine areas) is to be overseen by the provincial governments; and (iii) the on-ground management of all national and regional protected areas will be conducted by customary landowners and other partners. But the cost implications of implementing this aspirational policy have not yet been assessed, and no budget allocation has yet been allocated by government to date in support of the policy. Unless significant additional financial resources are committed to facilitate its operationalization, the policy will remain somewhat idealistic.

Considerable potential however exists to develop a more diverse range of revenue streams to supplement the costs of administering the protected area network. For example, with the growth of large-scale projects in the

[14] From diverse source including *inter alia*: PES schemes; donors; ODA; 'green' taxes, levies and surcharges; carbon offsets; fiscal offsets; Government Public Investment Program grants; fines; and user fees.

[15] The Mama Graun Trust Fund was registered in PNG in 2000. In 2008, the Mama Graun Board decided to expand services to all Melanesian Countries, and changed the name to "Mama Graun Conservation Trust Fund." (MGCTF). The MGCTF manages donations and 'advised funds' given to each 'Melanesian Jurisdiction' independently. The MGCTF focuses its grant funding on projects which seek to protect biodiversity and promote sustainable management in selected areas in each Jurisdiction that have been identified as priority Areas of Biodiversity where funds have been donated.

agriculture, forestry, hydro-electric, infrastructure, mining and petroleum sectors in PNG, there are good prospects to implement compensation and biodiversity offset mechanisms that could finance conservation areas in order to achieve "no net loss" of biodiversity from investments. The feasibility of implementing a payment for ecosystem service (PES) scheme – notably for electricity supply from hydro-electric schemes and water supply in return for improved management of the water catchment – has also not yet been developed and tested. Similarly, the country is in the early stages of developing environmental branding and certification programmes for locally produced products - such as coffee and cocoa - but the opportunities to re-invest some of the income derived from these programmes back into the management of conservation areas has yet to be explored. Although some preparatory work has been undertaken (~US$46 million has been invested to date) to support the development of a national REDD+ strategy for PNG, the potential to derive value on the carbon stored in forests within protected areas for reinvestment in the management of those protected areas has also yet to be established. Further, a portion of the existing income from resource use and environmental levies, taxes, fines and fees – such as the environmental levy paid by logging companies, the income from environmental permits, and tourism levies and taxes – is currently not being ring-fenced for subsidizing the management of the conservation areas that directly or indirectly contribute to the production of this income. There are also currently no processes in place for protected areas to apply for funding support from existing endowment and sinking trust funds financed from mining and oil income (such as the Sovereign Wealth Fund and the PNG Sustainable Development Program fund).

Tourism development in PNG is also poorly developed when compared to other countries in the region. To date, the opportunities to establish user fee systems in protected areas (notably those located in the tourism 'model provinces' of New Ireland, East New Britain, Milne Bay, Madang and Eastern Highlands) as a means of cross-subsidising the costs of their management have not yet been adequately investigated. Although tourism concessioning processes (notably those on a long term, build-operate-transfer modality) have been successfully implemented elsewhere in the region, the competencies to facilitate and administer any tourism concessioning or leasing processes and agreements in protected areas are not yet in place in PNG. While the Kokoda Initiative, jointly financed by the Governments of PNG and Australia, envisaged sustainable income streams from 'trekking activities' on the Kokoda Trail, the current levels of income from trail usage suggests that – without the continued external financial support – it is not considered financially viable as a standalone product, and will probably not generate sufficient income to meaningfully support the conservation and sustainable use of the Interim Protection Zone (IPZ). Few objective assessments of the tourism and recreational potential of each protected area have been undertaken and there is no common tourism development strategy for the protected area network, or tourism development plans for individual protected areas.

2) *the baseline scenario or any associated baseline projects*

Once fully established and operational, the CEPA will oversee all environmental management and conservation functions in the Government. It will also have the mandate to put in place an effective system to license and regulate all development activities that have an impact on biodiversity and the environment. The CEPA Act specifically makes provision for the CEPA to source funding from: (i) 'monies received from rents, fees, charges, bonds, goods and services, sale of real or personal property and sale of items forfeited; (ii) 'grants, donations, subscriptions, credits or other contributions'; (iii) 'borrowings by the authority'; or (iv) 'any other income received in accordance with the law'. It is conservatively estimated that the CEPA annual budget – financed from own income and government funding allocations – will be approximately US$8-12 million, of which at least US$1.5-2 million may be committed to funding its protected area support functions. CEPA are also currently in the process of facilitating the drafting of a new Protected Areas Bill, and developing a national biodiversity offsets policy, in support of the implementation of the PAP.

The Kokoda Initiative, a cooperative programme jointly run by the Governments of PNG (CEPA) and Australia (DOE), will continue to invest about US$1.1 million dollars per annum to sustainably develop and conserve the Kokoda Track and surrounding Interim Protection Zone. As a major bilateral partner in PNG, the Government of Australia and AusAID[16] have also provided a broad range of support for sustainable development activities in PNG as part of the PNG-Australia Partnership for Development. This includes support for the PNG Australia Forest Carbon Partnership ($2.5 million), and the Climate Change Adaptation Initiative ($2 million).

[16] Now DFAT

The Japan International Cooperation Agency (JICA) will, over the next five years, provide technical and financial support (~US$4 million) to CEPA in: (i) strengthening the institutional framework for the PAP (including developing the PAP Action Plan and establishing the National Conservation Council); (ii) improving the management of Varirata National Park and the surrounding Koiari area; (iii) establishing a new marine PA; and (iv) raising community awareness of biodiversity conservation.

The ExxonMobil PNG Biodiversity Offset Delivery Plan[17] will, once fully implemented, provide financial and technical support - estimated at ~US$2 million per annum, or US$10 million anticipated co-financing over the term of the project - to support: (i) the establishment, planning and management processes in three targeted protected areas; (ii) the training (primarily through scholarship and mentoring schemes) of biodiversity conservation professionals; (iii) the development of the policy framework for biodiversity offsets; and (iv) national communications on the implementation of the NBSAP. The Sime Darby Group are also developing Biodiversity Conservation Compensation Projects (BCCP) with Project-Affected Communities (PAC) where high conservation value areas are being negatively affected by their operations. Priority is being given to *in-situ* remediation through the new planting of endangered, rare or threatened trees in conservation areas. The value of these efforts is conservatively estimated at US$100,000/annum.

Baseline technical support (financed by a diverse range of funders[18]) by international and national NGOs to protected areas, and related landscape and species conservation initiatives, include: (i) World Wide Fund for Nature (WWF) - implementing land-use management plans in four provincial government areas through the Kikori Basin 'blueprint', establishment of the Lake Kutubu WMA and its designation as a Ramsar site, cross-border cooperation in the TransFly ecoregion, rehabilitation and replanting of mangroves in Madang Lagoon and the north coast of Madang Province; (ii) TNC – development of a Conservation Area in the Adelbert Mountains and community conservation in Manus Province; (iii) Conservation International (CI) – building local capacity in natural resource management and conservation in island communities of Milne Bay; (iv) Wildlife Conservation Society (WCS) - facilitating community-based conservation agreements in Central Manus to secure the conservation of priority forests; (v) Partners with Melanesians – supporting the establishment of the Managalas Conservation Area; (vi) Tenkile Conservation Alliance (TCA) - works with local villages to protect the biodiversity of the Toricelli Mountain Range (using tree kangaroos as flagship species for conservation) and establish an officially recognized CA (or Community Conservation Area, as envisaged by the new PNG PAP); (vii) The Research and Conservation Foundation (RCF) of PNG has been supporting the management of the Crater Mountain Wildlife Management Area for many years, and continues to be the main provider of technical support and capacity-building to this WMA; and (viii) the Centre for Environmental Law and Community Rights (CELCOR) provides legal support to communities wanting to establish conservation areas or to contest illegal and unsustainable exploitation of natural resources. CELCOR also supports the review of community conservation area management plans to ensure compliance with relevant laws and regulatory processes. The collective value of this technical support is conservatively estimated at a total of US$4-5 million per annum.

Conservation activities at YUS Conservation Area (YCA) and the proposed Torricelli Mountain Range Conservation Area (TMRCA) each receive an average of US$500,000 per year from a wide range of funding sources. YCA has an endowment of US$2 million, which yields approximately US$70,000 per year for basic management functions. YCA has – with the support of a grant from the German Government/ BMU – established a functioning Management Committee, completed its baseline biodiversity assessment and prepared a management plan that is now endorsed by the Government. The TCA also has been implementing a long-term conservation strategy for the TMRCA.

As part of the Coral Triangle Initiative (CTI) Support Activities (with technical and financial assistance from the Australian Government, The Nature Conservancy, CSIRO and the University of Queensland) a national marine gap analysis is being undertaken. The marine gap analysis is aimed at identifying and addressing ecological gaps in their marine protected area (MPA) system, and identifying areas of high biodiversity significance.

Eleven locally managed marine areas (LMMAs) have recently been established, including an LMMA in Kimbe Bay (in partnership with The Nature Conservancy) and LMMAs in Central, Madang, Manus, Milne Bay, and

[17] See http://pnglng.com/commitment/plans-and-reporting/environmental-and-social-management-plan/biodiversity-strategy
[18] Including *inter alia*: Australian Department of Foreign Affairs and Trade; Rainforest Foundation of Norway; CI; TNC; USAID; WWF; Meri Helpim Meri Foundation; WaterAid, Perth Zoo and EU.

New Ireland provinces. These LMMAs will, in the future, become part of the formal MPA system. An LMMA learning and training network has also been established through the CLMMA.

The European Union (US$ 8.7 million) and UNDP-REDD (US$ 2.3 million) *Technical support to the PNG Forest Authority to implement a multipurpose National Forest Inventory*, implemented by the Food and Agriculture Organization of the United Nations (FAO) and PNG Forest Authority (PNGFA) until 2017, will assist the country in undertaking a national forest assessment to support policy formulation aimed at sustainable forest management, conservation and sustainable land use as well as addressing climate change.

To help maintain international support to PNG's efforts towards the implementation of REDD+ activities, the World Bank's (WB) Forest Carbon Partnership Facility's (FCPF) Country REDD+ Readiness project was initiated in 2015 and will run until the end of 2018.

The Project *Capacity Development Project for Operationalization of PNG Forest Resource Information Management System (NFRIMS) for Addressing Climate Change* funded by Japan International Cooperation Agency (JICA) is being implemented with the PNGFA since 2014. The project aims to reinvigorate the capacity of PNGFA so that it can fully operationalise the NFRIMS, including capacities to update and manage forest coverage and stocks on GIS, efficient forest monitoring system, improvement of inter-agency coordination and technical capacity for REDD+ reporting, and development of appropriate training programs.

The Asian Development Bank (ADB) Strategic Climate Fund will provide grant funding of US$24.25 million over the next five years to: (i) support the integration of climate risk and resilient planning into development policies in vulnerable communities on 21 islands and atolls across five provinces in PNG; (ii) conduct climate change and vulnerability assessments and prepare adaptation plans for these vulnerable communities; (iii) pilot sustainable fishery and food security investments in target areas; (iv) establish a framework for climate-resilient infrastructure; and (v) improve the early warning system linked to PNG's National Disaster Centre.

3) *the proposed alternative scenario, with a brief description of expected outcomes and components of the project*

This proposed project is part of a modular approach to strengthening biodiversity conservation in PNG. The modular approach comprises three discrete but complementary GEF-funded projects, two of which are already under implementation. The first is the GEF-4 project, *Community-based Forest and Coastal Conservation and Resource Management in Papua New Guinea* project (2012-2018) which aims to develop and demonstrate community-based resource management and conservation models for communal landowners located in the Owen Stanley Range and New Britain island. The second is the GEF-5 project, *Strengthening the Management Effectiveness of the National System of Protected Areas in Papua New Guinea* (2015-2019) which is focused on: supporting the establishment of the CEPA; facilitating the implementation of the PAP; and improving the planning and management of two demonstration conservation areas – YUS and Torricelli. This project – forming the third element of the modular approach – seeks to assist the government in developing a sustainable, long term revenue stream that can provide fast-track, flexible and management needs-oriented financing to support the operational costs of protected areas – and associated biodiversity conservation programmes – in Papua New Guinea, rather than relying on the current uncertainty of externally funded projects and programmes.

If the Government of PNG is to fulfil its protected area mandate, protected areas will need to have the ability to: (i) secure sufficient, stable and long-term financial resources for their ongoing operations; (ii) allocate these financial resources in a timely manner and appropriate form to cover the full costs of their management; and (iii) ensure that they are managed cost-effectively and efficiently with respect to their conservation and other complementary objectives.

In recognition of this need, Pillar 5 (*Sustainable and equitable financing for Protected Areas*) of PNGs PAP envisages: (i) developing a diversified mix of conventional (e.g. budgetary allocations, overseas development assistance, user fees) and innovative (e.g. payments for ecosystem services, fiscal offsets, green taxes) funding sources to finance the ongoing costs of establishing and managing protected areas; and (ii) establishing a national Biodiversity Trust Fund which would provide an accountable and transparent financial mechanism for receiving, administering and disbursing this funding.

This project will support the government in implementing Pillar 5 of the PAP. The project will comprise three complementary components:
Component 1: Develop the enabling conditions for improving the financial sustainability of the protected area system;
Component 2: Establish, operationalize and mobilise funding for a Biodiversity Trust Fund; and
Component 3: Improve revenue streams in, and the management effectiveness of, individual protected areas.

Component 1:

The strategic focus for Component 1 is to strengthen the capacity of the CEPA to effectively plan, secure and administer funds for the protected area system.

Work under Component 1 will initially support the development of a medium-term financial plan for the protected area system (Output 1.1) [19]. This plan will fulfil the role of the protected area 'financing strategy' that was intended to be developed within 12 months of the launch of the PAP, yet has not been progressed due to a lack of resources within government and its initial strategic focus on the capacitation of CEPA[20]. This financial plan will be organized around three key aspects of the financial planning process: a) a detailed financial analysis that clearly identifies the management needs for existing and expanded protected area system and the realistic funding needs for effective management of the system, and quantifies the funding gaps; b) a pre-selection and detailed analysis of viable revenue-generating options for protected areas, and an understanding of the enabling legislative, regulatory and institutional framework needed for their implementation; and c) the formulation of a Financial Plan to guide the implementation of a sustainable financing strategy. The financial plan will then provide the overall strategic direction and guidance to improving the financial sustainability of the protected area system. It will also act as mechanism for standardising and coordinating the funding efforts, and aligning the performance accountability, of the provincial and local governments, customary landowners and partnering organisations, under the overarching authority of the CEPA.

Work under Component 1 will then assist in developing and strengthening the financial management capabilities (i.e. financial support services, staffing, equipment, communications infrastructure, systems and skills development) of CEPA, as well as the customary landowners and partnering institutions (Output 1.2). This will include building the institutional and individual capacities in: a) medium-term financial and business planning; b) annual budgeting; c) financial controls (including: budget and budgetary control; books of account; accounting process; revenue process; purchasing and expenditure process; fixed asset management process; stock management process; payroll management process; bank account management; financial reporting; internal controls and audit; risk management and procurement); d) accounting systems; and e) financial reporting and auditing. The implementation of a skills development and training program - including *inter alia*: professional short-courses; professional mentoring; inter-institutional exchange programs; and part-time studies - for targeted financial and administrative staff to be employed in the CEPA will be a key element of this output. An extensive training program on the financial policies and procedures will also be undertaken for all responsible financial and administrative staff involved in the planning and management of the individual protected areas.

Work under Component 1 will then be directed at improving the extent to which CEPA can mobilise funding - at the **protected area system level** - from a range of different sources (Output 1.3)[21]. This will include[22]: (i) advocating for an incremental increase of state budget allocations for the protected area system; (ii) securing annual state budget allocations from the Public Investment Program (PIP) for the protected area system; (iii) piloting biodiversity offsets from large-scale developments for expanding, and improving the management of, the

[19] The determination of the current financial baselines, projected funding needs, and financial gaps for the PA system, and an assessment of the feasibility of different revenue-generating options, will (as far as practicable) be undertaken during the PPG phase. The outstanding financial planning work will then be continued in the full project implementation phase.
[20] The strategic focus of the PNG government has initially been on establishing a functional, capacitated and resourced CEPA as this will be foundational to the overall implementation of the PAP. While the logic of this approach is clear, it has delayed the implementation of some other components of the PAP which have not proceeded in accordance with the timeframes set out in the PAP.
[21] These funding 'sources' will be more explicitly described in the Financial Plan that will be prepared under Output 1.1.
[22] If considered viable during the PPG phase, project support may also include piloting mechanisms to generate revenue from debt-for-nature swaps and voluntary carbon trading. However it is currently not yet clear if these options are appropriate for PNG, and have thus been excluded for now.

protected area system (targeting medium- to large-scale mining activities); (iv) assessing the feasibility of introducing a standardised PES scheme linked to the public services (targeted ecosystem services will include flood protection, water catchment supply, coastal erosion protection and hydro-electric power) provided by protected areas; (v) earmarking a portion of the income from environmental fees, taxes and fines for protected area management; (vi) developing an environmental branding and certification scheme for products linked to protected areas (targeted products will include coffee, vanilla, bird eye chili, sea cucumber and crocodile skins)[23]; (vii) reviewing the efficacy of introducing user fees and tourism and recreational concessions in protected areas; (viii) developing a pricing strategy[24] for products, services and facilities to be provided in/by protected areas; (ix) preparing a comprehensive concessioning system[25] (legal framework, concessions policy, tourism and recreational strategy, concessions manual, legal agreements, templates, etc.) for concessioning (and leasing) in protected areas; and (x) supporting donor management processes (including targeting potential funders for projects, preparing detailed project proposals, liaising with different with different funders, and building working partnerships with funding agencies/ institutions) across the protected area system. GEF funding assistance to the process of developing these funding sources will include *inter alia*: (a) developing the business case for an increase in government funding of protected areas; (b) consulting and negotiating with counterpart government institutions, agencies and organisations; (c) facilitating the ongoing development of the enabling legislative, regulatory and policy frameworks; (d) developing a tourism and recreational strategy and plan for the protected area system; (e) branding the protected area system, and developing related marketing and communication materials and media; and (f) facilitating all stakeholder consultation processes.

Component 2:

The strategic focus for Component 2 is to set up and operationalise a 'biodiversity trust fund' whose main purpose is to provide long-term and stable funding for protected areas, or grants to communal landowners and non-profit/non-governmental organizations (NGOs) for projects aimed at conserving biodiversity and using natural resources more sustainably[26].

The biodiversity trust fund will be an independent entity. The establishment of the fund and its governance arrangements – along with fund operations – will conform to the *Practice Standards for Conservation Trust Funds* (Spergel & Mikitin, 2013) and align with key recommendations of the GEF for the effective establishment of trust funds[27].

It is envisaged that this biodiversity trust fund will be structured into an endowment portion (where the capital will be preserved), a replenishment portion (where regular recurring income - such as income from levies, fees and taxes - is received, accumulates and is spent) and a sinking portion (where project-based funding is earmarked for a particular purpose or area).

Work under Component 2 will initially support the constitution of a multi-stakeholder national steering committee to consultatively oversee and guide: (i) the legal establishment of the biodiversity trust fund; and (ii) the constitution of the fund's governing bodies (Board of Trustees and Advisory Committee/s) (Output 2.1). The steering committee will include governments, GEF Secretariat, UNDP and other selected partners.

The legal establishment processes for the trust fund will include *inter alia*: the drafting and adoption of any requisite enabling laws and/or regulations for the fund[28]; preparing the governing document (Trust Deed/Articles of Incorporation) for the fund; and the legal registration of the Trust Deed. Preparatory work undertaken during the PPG phase will review and select the optimal legal, regulatory and institutional option for the trust fund. This will include a critical assessment of the feasibility of transforming the existing Mama Graun Trust Fund into a

[23] This will include clarifying the access and benefit-sharing (ABS) arrangements.
[24] The pricing strategy will need to include provision for: cost recovery; market rate; willingness to pay; re-investment in improving the facilities and their management; and demand management.
[25] Under a Public-Private-Community Partnership (PPCP) modality.
[26] The report *Establishing a Climate Change Trust Fund for PNG – Issues and Considerations* (2013) prepared by GHD's Climate Change Consultancy Team informs the development of the project outputs and activities. All project outputs and activities developed under the three components will conform to the *Practice Standards for Conservation Trust Funds* (Spergel & Mikitin, 2013).
[27] For example, *GEF evaluation of experience with conservation trust funds* (1998).
[28] This will include securing public benefit status for the fund (for tax exemption purposes).

national biodiversity trust fund[29]. Based on the thorough assessment of existing trust funds in the country, which will be overseen by the steering committee, a joint decision will be taken on the exact way forward for either strengthening an existing trust fund or for estasblishing a new trust fund.

The constitution of the funds' independent governing body will include: determining the composition of, and level of expertise required in, the governing body[30]; selection and/or appointment of board members; establishing the terms of office of board members; developing policies on board meetings (regularity, minutes, decision-making processes; quorum, conflict resolution, fiduciary responsibilities, etc.); identifying initial requirements for the establishment of advisory committee/s (e.g. finance and investment advisory committee and/or scientific and technical advisory committee); selection and appointment of advisory committee members; and developing policies for the advisory committee/s (terms of reference, record of meetings, decision-making processes, etc.).

A range of stakeholders (e.g. donors, government, UNDP, GEF Secretariat, NGOs, other related trust funds, business, indigenous landowners) will be included on the Board of Trustees and/or Advisory Committee/s, such that (i) the entire spectrum of interested parties is represented; and (ii) the government does not have a majority representation on any level of the fund's governance. An outline of the proposed administration and governance of the biodiversity trust fund is provided in Annexure 2.

Once the governing body and advisory committee/s has been constituted, work under Component 2 will then support the recruitment and running costs of a small[31] professional management team to oversee the daily operations of the trust fund (Output 2.2). GEF funds will also be used to procure and install key equipment and communications infrastructure (computers, printers, routers, data communication lines) in order to support the administrative and financial management functions of this professional management team. GEF funding will also be used to contract an investment manager to develop an investment policy for the fund and manage its invested assets.

Once the fund management team has been recruited, work under Component 2 will then facilitate the consultative process of drafting: (i) the medium-term strategic and financial plan for the fund; (ii) the funds' resource mobilisation plan; and (iii) the funds' operating manual (Output 2.3). The strategic and financial plan will explicitly identify and prioritise the medium-term goals, objectives and activities of the fund. The resource mobilisation plan will describe the strategies required to raise long-term capital for the fund, as well as shorter-term funding for particular projects or programs. The operating manual will include the internal rules and procedures for day-to-day operations and administration of the fund, the procedures for grant-making and all relevant policies related to fund administration. The strategic and operational planning documents for the fund will be reviewed, approved and finally adopted by the funds governing bodies.

The initial capital in the endowment portion of the fund will consist of a government contribution and a GEF contribution tied to donor contributions. GEF resources will be used under Component 2 to provide matching funding (up to a maximum of US$3 million from GEF at a 1:1 ratio) for ODAs and/or donor contributions to the trust fund's endowment capital (Output 2.4). The exact government contribution to the initial capitalisation of the fund will be confirmed during the PPG phase, however it is expected that this will be up to US$2 million.

After establishment, further capitalisation will be sought from a range of sources, including bilateral ODA, the private sector and NGOs. A clear precedent has been established in PNG for both the investment of private sector offset income and NGO income in conservation trust funds[32]. Preliminary interest in the biodiversity trust fund has already been shown[33] and in-principle support from donors will be confirmed during the PPG phase. There is also an opportunity to use the trust fund as the mechanism to administer support pledged to the PNG government

[29] While this option could offer efficiency through the use of an existing legal trust entity, it will only be pursued when critically assessed to have the active support of stakeholders and to provide a fit-for-purpose option for the establishment of the biodiversity trust fund.
[30] This will include clarifying the extent of representation of government institutions on the Board of Trustees and Advisory Committees such that government will not have a majority representation on any level of fund governance.
[31] A maximum of 3 staff, and their associated establishment and operating costs, will be supported using GEF resources.
[32] Examples being ExxonMobil biodiversity offset income and the Mama Graun Trust Fund, and The Nature Conservancy income flowing to the same fund.
[33] For example, indicative support has been shown from Exxon Mobil, Barrick Nuigini Limited, DFAT Australia and USAID. This support will be confirmed during the PPG phase.

for the implementation of the PAP, for example the financial support offered by JICA. This opportunity will be explored further during the PPG phase.

Component 3:

The strategic focus for Component 3 is to improve the management capacity in, and financial sustainability of, **individual protected areas**. Component 3 will be spatially focused on a suite of targeted landscapes in Papua New Guinea that are in the process of being, or have already been, formally designated under the new protected area classification system (cf. PAP, 2014). The selection of target sites were premised on the following criteria: (i) they represent 'key biodiversity areas' (see *A Global Standard for the Identification of Key Biodiversity Areas*, Version 1.0. First edition, IUCN, 2016) in PNG; (ii) they have realistic potential for piloting or testing a site-based income-generating option for protected areas; and (iii) they are not currently being supported by any existing GEF-funded projects. It is envisaged that this technical and financial support would also act as an incentive for the customary owners of these areas to constructively engage in the ongoing negotiation and finalisation of the 'Conservation and Benefit Sharing Agreement(s)' during the transitional implementation period of the PAP.

The preliminary list of key biodiversity areas being targeted for support under this component[34] include: (i) Tonda Wildlife Management Area (WMA) in the Western Province; (ii) Sepik wetlands in the East Sepik Province; (iii) Managalas Plateau Conservation Area in the Northern Province; (iv) Kikori River Basin in the Gulf Province; (v) the Kaijende highlands[35] in the Enga and Hela Provinces; and (vi) the Huon coral reef terraces in the Morobe Province. The biodiversity and heritage features of the six areas are profiled in Annexure 3.

GEF funding (up to a maximum of US$2 million) will be allocated to the sinking portion of the biodiversity trust fund, and earmarked for grants to support the establishment costs for, and planning and basic management capacity in, the six targeted key biodiversity areas (Output 3.1). This technical and financial support will be focused on: regular communications and consultations with affected villages and communities; collecting/updating of baseline data to support PA management planning; drafting/updating of PA management plans, and the linked annual work plans and budgets; demarcation of PA boundaries; appointment and equipping of a basic ranger staff complement; establishment and equipping of basic PA infrastructure (office, ranger patrol stations); supporting the development of alternative livelihoods for affected villages and communities; and improving the health and education services for affected villages and communities. The fund management team will administer the technical and financial grant award process, in accordance with the grant-making procedures set out in the operations manual (see Output 2.3 above). This grant award process will include developing and implementing: (i) eligibility criteria; (ii) grant instructions and templates; (iii) calls for proposals; (iv) grant application screening; (v) grant contract/MoU negotiations; (vi) progress reporting; (vii) independent field evaluations; and (viii) final audit reporting. A critical element of this grant-making process will be the continuous dissemination of information to, and building the capacities (training, awareness-raising, technical assistance, specialist support) of, the prospective grantees; notably the customary landowners of, and their implementing partners in, the targeted protected areas.

Work under Component 3 will also support the development and implementation of a range of mechanisms to improve revenue streams in these targeted landscapes (Output 3.2). Income generating opportunities that will be supported may include[36]: (i) Tonda WMA – development and marketing of hunting[37] and fishing packages, and upgrading of the Bensbach (game) Lodge; (ii) Sepik wetlands - establishment of a crocodile ranch for the commercial production of crocodile products (meat, skins, eggs, etc.), breeding of stock for re-introductions of New Guinea Freshwater Crocodile (*Crocodylus novaeguineae*) and Saltwater Crocodile (*Crocodylus porosus*) into the wetlands, crocodile education and awareness programs, and a base for local crocodile tourism.; (iii) Managalas Conservation Area - establishment and management of a butterfly farm to collect, farm, transport and

[34] The final list of targeted areas will be confirmed at the PPG phase.
[35] Incorporating the Baiyer and Stickland tributaries of the Fly River.
[36] The final suite of income-generating opportunities to be piloted will be finalised during the PPG phase.
[37] Notably the invasive Javan rusa (*Cervus timorensis russa*). Any use of hunting as a means of supporting the control of Javan rusa will take place with an objective of eradication from critical sites and/or a general suppression of numbers to mitigate the impacts of this pest species on biodiversity values. An IAS management plan will be developed as part of the project support prior to the use of any hunting activities to confirm that hunting would be an appropriate tool to achieve IAS management objectives for Javan rusa.

export conservation- and community-branded butterfly pupae[38] to butterfly exhibitors and collectors; (iv) Kikori River Basin – establishment and management of a Barramundi (*Lates calcarifer*) fish farm for wholesale supply of fresh fish; (v) Kaijende highlands – (a) negotiation of biodiversity offsets (land offsets, fiscal offsets, technical support offsets) from gold, copper and silver mining (Porgera Gold Mine owned by Barricks Gold)[39] and (b) establishment of commercial products linked to walking/hiking tours and trails; and (vi) the Huon coral reef terraces in the Morobe Province – development of specialist and scientific fly-in tours to view the globally significant, and extensive raised fossil coral reef formations.

The lessons learnt in the implementation of these income-generating opportunities will then enable an objective assessment of the viability (i.e. affordability, practicality and efficiency) of introducing these mechanisms in other protected areas or across the entire protected area system. It is envisaged that a portion of the net income from GEF-supported activities under this output may be ring-fenced in the sinking portion of the trust fund for re-investment directly back into the conservation management of the protected areas generating these income streams.

4) *incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing*

Summary of baseline scenario	Summary of GEF scenario	Increment
– While CEPA and provincial government are responsible for overseeing national and regional PAs respectively, the budget allocation to fulfil this oversight function is limited (or non-existent in some cases); – Customary landowners are responsible for the operational planning and management of individual protected areas; – Most of these landowners do not however have any financial support to implement this protected area mandate; – Where financial and technical support is available to a few customary landowners to administer protected areas, this is almost entirely limited to support from external donors and NGOs; – There is little practical knowledge at all levels of protected area governance on the implementation of appropriate financial mechanisms and potential	– A medium-term financial plan provides the overall strategic direction and guidance to improving the financial sustainability of the protected area system; – The financial capabilities of the protected area institutions and landowners responsible for implementing elements of the financial plan are strengthened; – A strong business case for investment in the protected area system is developed; – The enabling legislative, regulatory, policy, planning and institutional framework required to mobilise funding is advanced; – Environmental certification, PES and biodiversity offset schemes are developed; – A PPP concessioning system for protected areas is prepared; – An independent Biodiversity Trust Fund is established as a financial mechanism to administer and disburse funding in support of the planning and management of the protected area network, and the individual protected areas within the network; – A fully capacitated governance structure, and professional fund management team, are in place to oversee and administer the Biodiversity Trust Fund; – Technical and financial support to key biodiversity areas provides sufficient incentive for their formal designation and	By end of project: – At least US$8m is invested in the endowment portion of the Biodiversity Trust Fund, and yields an income of at least US$750,000 per annum; – The total annual replenishment of the Biodiversity Trust Fund, from multiple recurrent income sources, reaches more than US$5m; – The sinking fund portion of the Biodiversity Trust Fund attracts at least US$5m for earmarked project-based grants; – The medium-term and annual funding needs for the protected area network, and individual protected areas, are prioritized; – At least US$3m/annum of grants from the sinking and replenishment portions of the Biodiversity Trust Fund are disbursed for protected area activities; – The financial scorecard for the protected area network increases by 40% from the baseline[40]; and – The average METT score for protected areas financed by the

[38] The butterfly farm is intended to cover many common butterfly species. The potential to incorporate a captive-breeding operation for the Queen Alexandra Birdwing Butterfly within this facility will be explored further during PPG. As the QA Birdwing Butterfly is listed on CITES Appendix I, international trade of captive-bred individuals can only take place when strict CITES requirements for the establishment and operation of captive-breeding facilities for Appendix I species (including *Resolution Conf. 12.10 (Rev. CoP15)*) are met, including a comprehensive assessment of any potential conservation impacts of such a facility on the species in the wild. These assessments will be progressed during the PPG phase and the opportunity only pursued when it is shown to be in full compliance with CITES requirements and of no conservation risk to the QA Birdwing Butterfly.

[39] See http://barrickbeyondborders.com/environment/2008/07/supporting-biodiversity-conservation-in-png/

[40] The baseline score for the financial scorecard will be assessed during the PPG phase.

revenue-generating options for protected areas; and – Most protected areas are consequently very poorly resourced, leading to an inability to effectively manage the threats to biodiversity in these protected areas.	management as protected areas; – A range of different income-generating opportunities – biodiversity offsets, user fees, specialist tourism, hunting and fishing packages, butterfly, fish and crocodile farming, and tourism concessions and/or leases - are piloted at the individual protected area level; – Income streams for the endowment, replenishment and sinking fund portions of the trust fund are received; – The capacity of prospective grantees to apply for grants from the Biodiversity Trust Fund is developed; and – The grant-making process of the Biodiversity Trust Fund is under implementation.	Biodiversity Trust Fund increase by 20% from the baseline[41].

5) *global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF);*

By implementing the above-mentioned components, the GEF investment will significantly contribute to strengthening the financial sustainability of PNGs protected area network, covering an area of 1,897,595 hectares. This will in turn improve the overall management effectiveness of the individual protected areas, particularly in respect of reducing the threats to, and improving the conservation status of *inter alia*: (i) Endemic Bird Areas (EBAs), such as the Trans-Fly complex and the Pokili and Garu WMAs; (ii) Tropical Important Plant Areas (TIPAs), such as the Huon Peninsula Montane Rain Forests; (iii) lakes and wetlands of international importance, such as Tonda WMA and Lake Kutubu; (iv) important marine and terrestrial habitats, such as the estuarine habitats of the Kikori Delta; and (iv) restricted range endemic fauna, such as the Queen Alexandra's Birdwing butterfly, Giluwe Rat, Long-bearded Melidectes and the Ribbon-tailed Astrapia.

6) innovativeness, sustainability and potential for scaling up.

While the establishment of a conservation trust fund may not be particularly innovative at the regional or global scale, the project will however introduce a portfolio of new, and currently untested, approaches to replenish the trust fund. These approaches will include replenishment from; (i) earmarked income from a suite of environmental fines, fees, taxes, levies and/or surcharges; (ii) PES schemes linked to the value of public utility services provided by conserved ecosystems and habitats; (iii) turnover-linked tourism concessioning income; (iii) biodiversity offsets from large-scale commercial activities; (iv) user-based fee collection systems; (vi) income from environmental branding and certification schemes; (vii) bio-prospecting patent fees; (vii) income from environmentally-friendly farming of commercially viable, locally indigenous species (e.g. butterfly species); and (viii) specialist scientific, tourism and hunting product development.

Sustainability will be further promoted by building the financial capabilities of: (i) the CEPA - specifically their capacity to implement a biodiversity offsets policy, develop and manage tourism concessioning processes, administer PES schemes, and collect income from a variety of environmental taxes, levies, surcharges, fines and fees; and (ii) the Biodiversity Trust Fund (Board and trust management team) - specifically the capacity for budget management, financial control, performance management and financial accountability. The sustainability of the endowment and sinking portions of the Biodiversity Trust Fund will be developed through: (i) advocating for an annual state budget allocation; (ii) targeting grant and donor funding support from international agencies, NGOs, foundations, corporations and individuals; (iii) improving the returns on long-term and short-term investments of trust assets; and (iv) incentivising ODA and donor contributions by providing matching funding. It is envisaged that, by year 4 of the project, the administrative and operational running costs of the Biodiversity Trust Fund will be fully financed from Trust income and not GEF resources.

[41] The baseline METT scores for the targeted protected areas will be assessed during the PPG phase

The project design has embedded resilience into the project design, primarily through strengthening the financial capacity of the protected area system to more effectively respond to the constantly changing threats to, and pressures on, the biodiversity of Papua New Guinea. The project will build on the emerging social, business and political awareness across the country of the need to improve the state of conservation of its unique biodiversity. It will use this emerging awareness to develop mutually-beneficial partnerships between rural communities (as the landowners of PAs), government institutions (as the responsible legal authorities for PAs), NGOs (as partners in the planning and management of PAs), donor agencies (as funders of PAs), development agencies (as technical support services for PAs) and businesses (as business partners in PAs) in sharing the collective responsibility for financing the establishment and management costs of the protected area system. Fundamental to building these partnerships is the need to: (i) stengthen the enabling legal, policy and institutional environment; (ii) maintain incentives that encourage the ongoing involvement of partners; (iii) sustain political and community support; (iii) improve cooperative governance and co-management mechanisms; (iv) enhance the economic and social health of rural communities; and (v) reduce inefficiencies and avoid corrupt practices.

Replication of good practices developed by the project will be achieved through the direct replication of selected project elements and practices and methods, as well as the scaling up of experiences. The following activities have preliminarily been identified as suitable for replication and/or scaling up: (i) implementation of fiscal offsets across a range of production sectors; (ii) expansion of a PES system linked to water supply and hydro-electric schemes; (iii) environmental branding and certification; (iv) registration of bio-prospecting patents; (iv) development of a range of packaged tourism, fishing and hunting services; (v) intensive and extensive sustainable farming of native wildlife; and (vi) concessioning and/or leasing of commercial opportunities. The lessons learnt in project implementation will be included in the revisions and/or updating of regional and international guidelines/ best practices/ standards in establishing and managing Conservation Trust Funds.

2. Stakeholders (Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes ☒ /no☐) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation):

STAKEHOLDER GROUP	ROLES AND RESPONSIBILITIES IN THE PROJECT
National Executive Council (NEC)	The NEC is the government's highest policy oversight institution. The Minister of Environment and Conservation is in charge of environmental matters within the NEC. The NEC will oversee the implementation of the five 'pillars' of the Policy on Protected Areas (PAP), including sustainable financing. The NEC will be consulted as an important stakeholder in the establishment of the trust fund.
Dept. of National Planning and Monitoring (DNPM)	DNPM is the government agency responsible for coordinating aid programs in PNG. DNPM will monitor overall progress of the project implementation.
Conservation and Environment Protection Authority (CEPA)	As the main executing government agency, the CEPA will be directly responsible for the implementation of the project. The CEPA are also the responsible authority for overseeing the establishment and management of 'national protected areas' (comprising national parks, national marine sanctuaries, national heritage sites and special management areas). The CEPA will take the lead in consulting with counterpart government institutions, agencies and organisations in the development of the enabling legislative, regulatory and policy frameworks to be enacted under components 1 and 2. The CEPA will also administer the transfer of earmarked levies, fees, taxes and fines to the trust fund. The CEPA may also be a beneficiary of grants from the trust fund in support of its mandate for implementation of the PAP.
Department of Treasury (DT)/ Department of Finance (DF)	The DT prepares and monitor the National Budget and provides policy advice to the Government on the finance and resource management of National Government Departments, Provincial and Local Level Government and state owned enterprises. The DF supports the development of financial policies and monitors financial performance against the budget. The DT and DF will facilitate the allocation of funding from the state budget in support of the implementation of the PAP. The DT or DF may have representation on the Board of the trust fund. The DT and DF will be consulted as an important stakeholder in the establishment of the trust fund.
National Conservation Council (NCC)/ National Protected Areas Round Table (NPART)	Once constituted, the NCC and NPART will review all legal, regulatory, policy, planning and contractual documentation developed for the protected area network. They may fulfil an advisory role to the Board and/or fund management team in the evaluation and prioritization of grant funding applications. The NCC and NPART will be consulted as an important stakeholder in the establishment and management of the trust fund.
Provincial and Local governments	Provincial and local governments are the responsible authorities for overseeing the establishment and management of 'regional protected areas' (comprising community conservation areas and locally managed marine areas). The provincial and local governments may also be a beneficiary of grants from the trust fund in support of their mandate for implementation of the PAP. The provincial and local governments will be consulted as an important stakeholder in the establishment and management of the trust fund.

NGOs (primarily environmental)	NGOs are important financial, technical and professional partners of the project. NGOs will be consulted as important stakeholders in the establishment and management of the trust fund. They may also be a beneficiary of grants from the trust fund in support of the protected area mandate given to them by customary landowners. NGOs may have representation on the Board of the trust fund.
Private sector (and state owned enterprises)	The private sector are important financial partners of the project. They may contribute to the financing of the trust fund in the form of environmental-related fees, levies, fiscal offsets, fines, taxes, donations and/or grants. The private sector will be consulted as important stakeholders in the establishment and management of the trust fund. The private sector may have representation on the Board of the trust fund.
International donor agencies/ development partners	International donor agencies/ development partners are important financial partners of the project. They may contribute to the financing of the trust fund in the form of grants and donations. They will be consulted as important stakeholders in the establishment and management of the trust fund. International donors/development partners may have representation on the Board of the trust fund.
Customary landowners and local communities	The customary landowners are directly responsible for the establishment and management of most of the protected areas in PNG. By implication they are the primary project partners and the main beneficiaries of the project and trust fund. Customary landowners will be extensively consulted as one of the most important stakeholders in the establishment of the trust fund and the disbursement of fund income. Local communities may be beneficiaries of earmarked grants from the trust fund. Landowners will be invited to participate on the Board of Trustees of the trust fund.

3. Gender Considerations (Are gender considerations taken into account? (yes ☒ /no☐). If yes, briefly describe how gender considerations will be mainstreamed into project preparation, taken into account the differences, needs, roles and priorities of men and women).
Gender inequality remains a major development challenge in Papua New Guinea. Violence against women remains unacceptably high; PNG's traditional systems of family and community relationships often excludes women from leadership and decision making roles; and women in formal sector jobs in PNG report that average net monthly pay is less than half that reported by men.

Gender is thus one of the 'Strategic Focus Areas' of the *Papua New Guinea Vision 2050* - the country's overarching development plan - which envisages that gender equality will be achieved through women's empowerment. The *National Policy on Women Equality and Women Empowerment* (2011-15) has the goal 'By 2015, women, men, boys and girls have increased opportunities to access services, resources, rights and decision-making processes through equal participation and benefits from the economic, social and political development of PNG'. The national policy focuses on 3 main components: Women Equality and Representation; Women Economic Empowerment; and Gender Based Violence and Vulnerability.

UNDP and other UN agencies - with financial assistance from AusAID – are playing a significant role in supporting the government to implement this national policy. UNDP's Gender portfolio in PNG covers two major areas: (i) support to Women participation and representation in decision making at national and sub national levels and; (ii) support to initiatives addressing Gender Based Violence. UNDP (and other UN agencies) work closely with three key organisations: the Office for the Development of Women (ODW); the DFCD Gender Unit; and the National Council of Women (NCD).

This project will focus primarily on promoting initiatives where women, men, boy and girls have equal opportunities to access resources, rights and decision-making processes through equal participation and benefits from the economic development of, and provision of social (e.g. health, education, bulk infrastructure) services in and around, protected areas.

A key contribution of the project to improving gender inequality in PNG will be in seeking to directly improve social and economic outcomes for women from the disbursement of trust fund grants. During the project preparation phase, the project will identify grant eligibility criteria that could ensure that grant-funded conservation initiatives will include explicit activities that could: strengthen the role of women leaders; contribute to ending violence against women; ensure that women and girls have equitable access to health and educational services; and give women the knowledge, skills and self-confidence to secure work or start their own business. During project preparation, the consultation with, and representation and participation of, women in the trust governance structures will also be further developed to ensure that women will bring valuable perspectives and diverse experience to trust fund decision-making processes. The preferential involvement and beneficiation of women in the development and implementation of alternative income-generating mechanisms in the targeted key biodiversity areas will, wherever practicable and desirable, be strongly emphasized in project

implementation. Equitable representation of women on the project team and the fund management team will be strongly promoted.

During the project preparation phase, a full gender assessment will be conducted and a project-specific gender strategy and mainstreaming plan will be developed. The project will also include gender disaggregated indicators in strategic results framework.

4 Risk (Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design):

Risk	Level	Mitigation
The Biodiversity Trust Fund and other similar existing (and proposed) national/local environmental trust funds all start competing for the same revenue streams, further dissipating the viability of each of these trust funds and confusing prospective funders and fund beneficiaries	H	During the development of the PIF, preliminary discussions with the Mama Graun Conservation Trust Fund, the Office of Climate Change and Development (proponents of the proposed Climate Change Fund) and the PNG Sustainable Development Program suggested that there are, in the conceptual design of the Biodiversity Trust Fund, significant opportunities to better align and integrate the efforts of the different funds to improve cost-efficiencies and realise economies of scale. These opportunities will be comprehensively explored and developed during the PPG phase, where a detailed concept for the Biodiversity Trust Fund will be consultatively prepared as part of the preparation of the GEF CEO ER.
Disagreements about the legal structure and organization of the Biodiversity Trust Fund leads to delays in its establishment.	M	During the project preparatory phase, GEF resources will be used to support extensive consultations with a wide range of stakeholders to identify the optimal legal, regulatory, governance and administrative arrangements for the fund. It is envisaged that, prior to the project implementation phase, the following reports will be prepared: (i) an agreed conceptual design of the Biodiversity Trust Fund; (ii) an agreed draft Trust Deed for the BTF; and (iii) a detailed 2-year plan of action and budget to guide the establishment and operationalization of the BTF. The outputs under components 1 and 3 of the project have however been designed to be independent of the Trust Fund establishment if there are any delays in its establishment. So, for example, the GEF funding for output 3.1 that is allocated to the sinking portion of the biodiversity trust fund could easily be administered as a grant fund by UNDP (in conformance with the UNDP Guidance on Micro Capital Grants, 2015) until the Trust Fund is fully established and operational.
Delays in preparing and enacting the enabling legislative, regulatory, policy and planning framework compromise the ability of CEPA, individual protected areas and the Trust Fund to mobilize income for the protected area system and the Biodiversity Trust Fund.	M	This proposed project is part of a modular approach, comprising three discrete but complementary GEF-funded projects, two of which are currently under implementation. These two active projects are already supporting the government in preparing and adopting a number of policies (e.g. policy on protected areas, biodiversity offset policy, protected area standards and guidelines) and acts (e.g. protected area act, CEPA act). The review and adoption of these policies and acts will then dovetail with, and support the implementation of, key elements of the resource mobilization strategy for protected areas and the Trust Fund. This project will also seek to build the capacities of CEPA to facilitate the technical and consultative process of developing and improving the planning, regulatory and policy framework for protected area financing.
During the start-up phase of establishing CEPA as a new institution, the government does not allocate sufficient funding to support its establishment and operating costs, leading to an over-dependence of CEPA on income from environmental levies, taxes,	M	The project will develop a business case for an incremental increase in government funding to protected area institutions (notably to CEPA through an increase in funding allocation to its protected area mandate) and individual protected areas (to customary landowners and/or NGOs through the Biodiversity Trust Fund mechanism). The project will also build the financial planning and management

fines and fees; a portion of which is envisaged as prospective income to finance protected areas.		capacities within CEPA to improve its capabilities and financial sustainability. Project support to CEPA and customary landowners/NGOs (e.g. in the case of tourism concessioning or PA user fees) will then be premised on a clear agreement that a portion of income derived from these environmental levies, taxes, fines, fees, fiscal offsets and/or concessions can be committed to the trust fund for subsidizing the costs of managing the protected area network.
International agencies, development partners, foundations, corporations, NGOs and other donors are reticent to contribute to the Trust Fund because of concerns relating to weak governance, high management costs, misappropriation and wasteful, poorly monitored expenditure.	M	There is considerable international experience that has been built up over the last 20 years or more on the establishment, resourcing and administration of Conservation Trust Funds (CTF's). While the Biodiversity Trust Fund will need to accommodate the national idiosyncrasies and needs, the fund will also need to meet the global practice standards for CTFs if it is to attract grant and donor funding contributions. This project, and the elements of the trust fund to be supported by this project, conform to the 'Practice Standards for Conservation Trust Funds' (Spergel and Mikitin, 2013). Advice and support from the UN Multi-Partner Trust Fund office (MPTF Office) will be requested, as required, to help the government ensure transparency and accountability in fund administration and governance.

5. Coordination (Outline the coordination with other relevant GEF-financed and other initiatives):

This project complements, and will financially support the long-term sustainability of, the GEF-4 project, *Community-based Forest and Coastal Conservation and Resource Management in Papua New Guinea* (2012-2018) and the GEF-5 project, *Strengthening the Management Effectiveness of the National System of Protected Areas in Papua New Guinea* (2015-2019. The implementation phase of both these projects will overlap with the preparation and implementation of this project. A centralised Program Management Unit (PMU) has thus been established by the UNDP and the CEPA to oversee, support, administer and coordinate the implementation of all three GEF projects in PNG.

This PMU will work closely with the other related initiatives (e.g. JICA support to CEPA in implementing the PAP; ExxonMobil PNG Biodiversity Offsets; ADB-funded *Building resilience to climate change in PNG* project) to, wherever practicable, align the initiatives and the project activities in order to ensure optimal benefits from efforts to conserve biodiversity, improve the country's climate resilience capacity and improve its capacity to adapt to the effects of climate change. A particular focus of this alignment of efforts will be on harmonising the financial and technical support provided to rural communities in: improving the quality of life and well-being of households; encouraging sustainable land use management approaches; and incentivising more sustainable natural resource use practices.

6. Consistency with National Priorities (Is the project consistent with the National strategies and plans or reports and assessements under relevant conventions? (yes ☒ /no☐). If yes, which ones and how):

The project will be fully consistent with, and will support the implementation of elements of, the: (i) *Papua New Guinea Vision 2050*; (ii) *National Biodiversity Strategy and Action Plan* (NBSAP); (iii) *Papua New Guinea Development Strategic Plan* (DSP) *2010-2030*; (iv) *National Strategy for Responsible Sustainable Development for Papua New Guinea* (StaRS, 2nd Edition, 2014) and (v) *Papua New Guinea Marine Program on Coral Reefs, Fisheries and Food Security National Plan of Action 2014-2017*, through developing a financial mechanism that could provide long-term funding support to the ongoing establishment and management of a national network of marine and terrestrial protected areas.

The project will directly support the implementation of Pillar 5 ('Sustainable and equitable financing for Protected Areas') of the *Papua New Guinea Policy on Protected Areas* (PAP, 2014) by (a) developing a diversified mix of revenue streams to finance the ongoing costs of establishing and managing protected areas; and (b) establishing a national Biodiversity Trust Fund as a independent financial mechanism to receive, administer and equitably disburse this funding.

The project will support PNG in meeting its national obligations to contribute to global efforts towards meeting Aichi Target 11 ('By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes'). The project will also – albeit to a lesser extent – assist PNG in its national mandate to support global efforts at meeting Aichi Target 12 ('By 2020 the extinction of known threatened species has been prevented and their conservation status, particularly of those most in decline, has been improved and sustained'). PNG has not yet established national SMART targets within the framework of the Aichi targets, however the establishment of such targets will be progressed as part of the implementation of the PAP. This process will be supported by this project as appropriate.

The project will contribute to the target 'Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems' of Goal 15 ('Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss') of the UN Sustainable Development Goals (SDGs).

7. Knowledge Management (Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders):
Each project output will include the documentation of lessons learnt from the implementation of activities under the output, and a collation of the tools and templates (and any other materials) developed during implementation. The joint UNDP-CEPA PMU (see above) will ensure the collation of this project's experiences and information, along with knowledge generated from the other two complemetary GEF-UNDP projects (see above). The knowledge database for all three GEF-UNDP projects in PNG will then be made accessible to different stakeholder groups in order to support better future decision-making processes in protected area planning and management, and more consistent adoption of best practices.

The members of the national steering committee constituted to oversee and guide the establishment processes for the trust fund (see Component 1, Output 1.1) will undertake a regional study tour to learn from other similar conservation trust fund initiatives in the Asia-Pacific region. It is also expected that Board members and the trust management team of the PNG Biodiversity Trust Fund will actively participate in capacity-building initiatives under the umbrella of the environmental fund peer learning networks (which are focused on capacity building, exchanging lessons learned, information sharing, knowledge development and innovation), including *Red de Fondos Ambientales de América Latina y el Caribe* (RedLAC, a network of EFs from Latin America and the Caribbean), CAFÉ (the Consortium of African Funds for the Environment) and/or the proposed *Asian-Pacific Network of Conservation Trust Funds and Environmental Funds*.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY

A. RECORD OF ENDORSEMENT[42] OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT:
(Please attach the Operational Focal Point endorsement letter(s) with this template).

NAME	POSITION	MINISTRY	DATE
Gunther Joku	Managing Director, Conservation and Environmental Protection Agency (CEPA)	Department of Environment and Conservation (DEC)	20 June, 2016

B. GEF AGENCY(IES) CERTIFICATION:

This request has been prepared in accordance with GEF policies[43] and procedures and meets the GEF criteria for project identification and preparation under GEF-6.

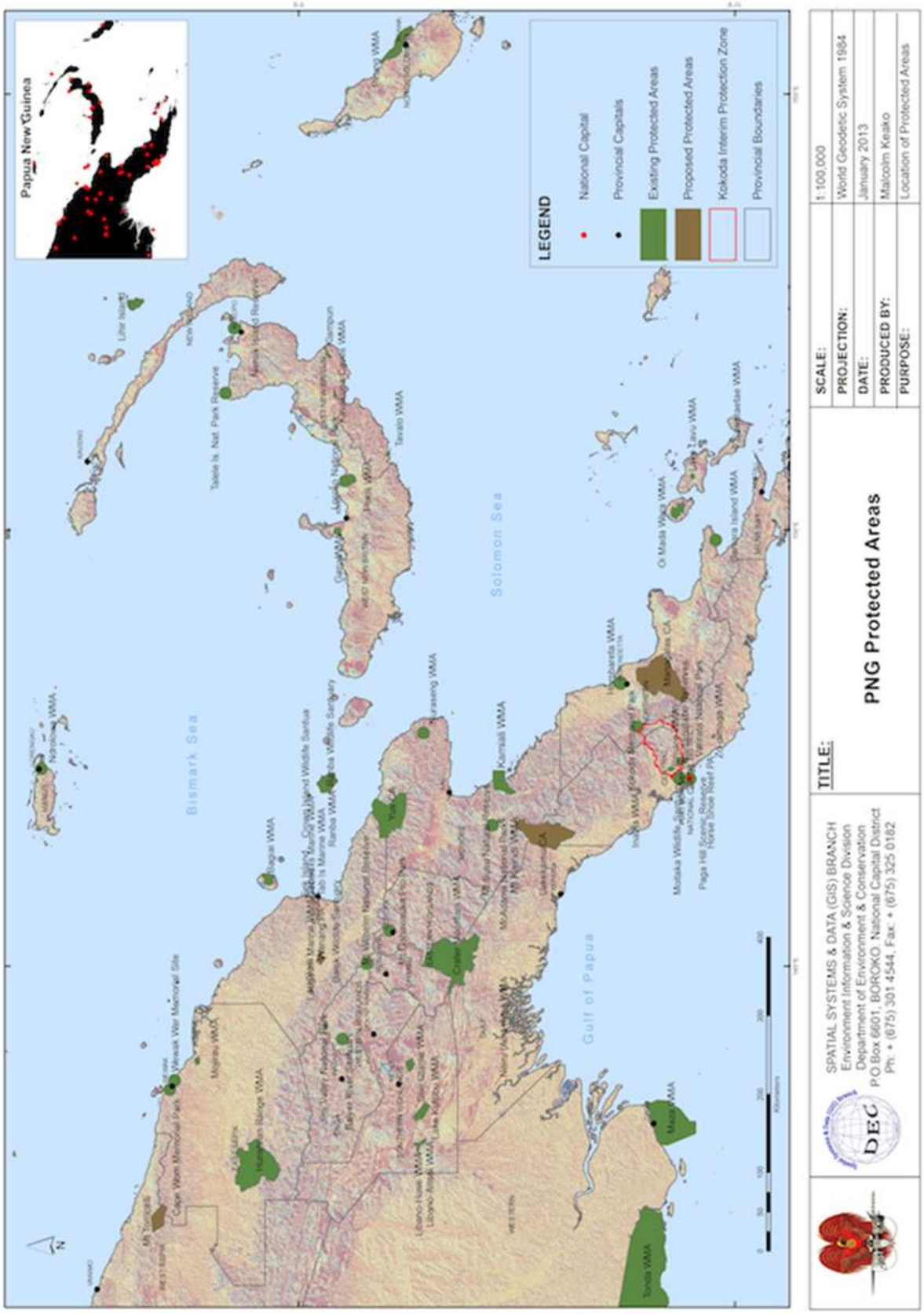
Agency Coordinator, Agency name	Signature	Date *(MM/dd/yyyy)*	Project Contact Person	Telephone	Email
Adriana Dinu UNDP-GEF Executive Coordinator		10 August 2016	Lisa Farroway, Regional Technical Advisor, Ecosystems and Biodiversity	+66 98 286 9626	lisa.farroway @undp.org

C. ADDITIONAL GEF PROJECT AGENCY CERTIFICATION (APPLICABLE ONLY TO NEWLY ACCREDITED GEF PROJECT AGENCIES)

NA

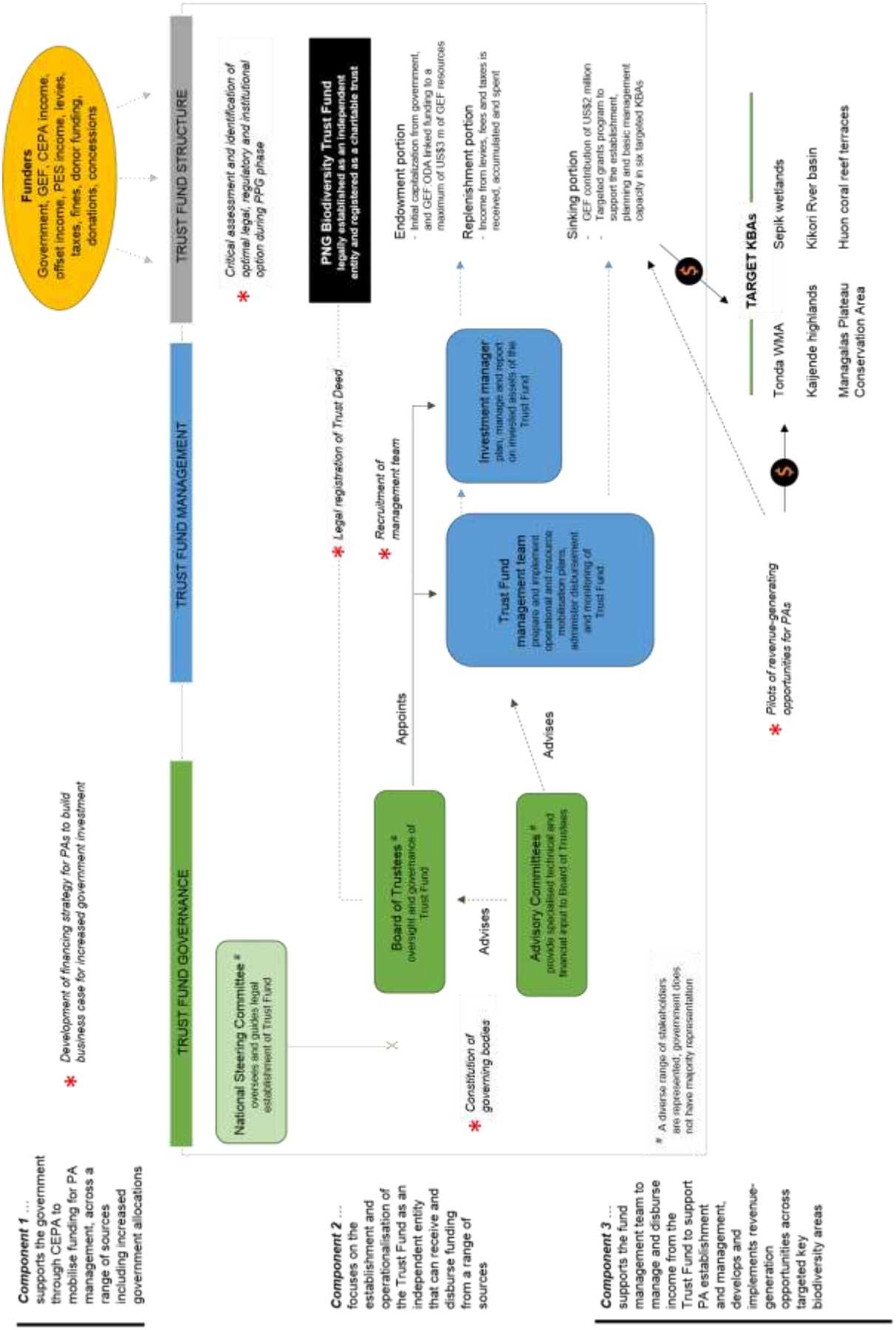
[42] For regional and/or global projects in which participating countries are identified, OFP endorsement letters from these countries are required even though there may not be a STAR allocation associated with the project.
[43] GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF

Annexure 1: Distribution of the existing and proposed protected areas in Papua New Guinea (excluding the LMMAs)



Annexure 2: Proposed administration and governance of the PNG Biodiversity Trust Fund and linkages to the three project components.

Not all project activities are shown. Key steps are indicated by (*). The alignment of activities to the three project components is intended to indicate that components 1 and 3 are independent of the establishment of the Trust Fund, and can continue in the case that the establishment of the fund is delayed.



Annexure 3: Profile of the six key biodiversity areas targeted for project support in Component 3

Name of area	Province	Extent (ha)	Biodiversity and heritage significance
Tonda WMA	Western Province	590,000	• Representative of New Guinea savanna ecoregion • Large-scale intact and diverse natural habitats and ecosystem processes (few roads and tracks, no industrial or urban development, no current mining) • Substantial wetlands systems – designated as Ramsar site • Large number of local endemics or New Guinea endemics. A number of species demonstrate evidence of evolutionary divergence since formation of Torres Strait (e.g. Agile Wallaby *Macropus agilis papuanus* in Trans-Fly and *M.agilis jardinei* on Cape York Peninsula) • Nomination as part of a World Heritage Site
Sepik wetlands	East Sepik Province	268,000	• Exceptional and extensive wetland ecosystem (including lakes, oxbows, sedge swamp, swamp forest, etc.) • Large tracts of primary forest of outstanding conservation value (Western New Guinea Kauri *Agathis billardieri* and the type locality for Klinki Pine *Araucaria hunsteinii*) • Includes Hunstein Range WMA • Nomination as part of a World Heritage Site • Nomination as a Ramsar site • Karawari Cave Art Precinct
Managalas Plateau Conservation Area	Northern Province	36,000	• Home of the locally endemic, endangered Queen Alexandra's Birdwing butterfly.
Kikori River Basin	Gulf Province	120,000	• Large and diverse area extending from highland areas down to a very complex deltaic estuary • Contains the highest volcano (Mount Bosavi) in the West Pacific and South East Asia that still retains continuous intact tracts of vegetation cover from its summit to the lowlands, an altitudinal range of ~ 2, 400m. • Includes Lake Kutubu, Sulamesi and Libano WMAs • Lake Kutubu is an outstanding example of a lake with high fish endemism • One of the largest remaining intact estuarine wetlands systems in the Asia Pacific, the Kikori Delta is of outstanding conservation importance for marine wildlife • Nomination as part of a World Heritage Site
Kaijende highlands	Enga and Hela Provinces	~400,000	• Vast, near-uninhabited expanse of near-pristine high montane habitats • Spectacular topography and scenic beauty • Threatened taxa including the Giluwe Rat (*Rattus giluwensis*), the Long-bearded Melidectes (*Melidectes princeps*), the frogs *Litoria becki* and *Callulops glandulosus* and the Ribbon-tailed Astrapia (*Astrapia mayeri*) • Rich upland bird fauna (>102 species)
Huon coral reef terraces	Morobe Province	~180,000	• Numerous raised coral reef formations, which extend from the existing coast to around 420 metres elevation above sea level, represent a globally important study site of climate change and sea level change over more than 300,000 years. • Huon Peninsula archaeological records. • Nomination as part of a World Heritage Site