Document of The World Bank

Report No: 20641-PG

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$17.36 MILLION EQUIVALENT

AND

GRANT FROM THE

GLOBAL ENVIRONMENT FACILITY TRUST FUND

IN THE AMOUNT OF SDR [10.28] MILLION EQUIVALENT

TO THE

INDEPENDENT STATE OF PAPUA NEW GUINEA

FOR A

FORESTRY AND CONSERVATION PROJECT

October 12, 2001

Rural Development and Natural Resources Sector Unit East Asia and Pacific Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective August 1, 2000)

Currency Unit = Kina (K) K1 = US\$0.38US\$1 = K2.56

FISCAL YEAR

January 1 -- December 31

ABBREVIATIONS AND ACRONYMS

AAC	-	Annual Allowable Cut
AusAID	-	Australian Agency for International Development
CA	-	Conservation Area, under Conservation Areas Act
CRM	-	Community Resource Management
СМА	-	Conservation Management Areas
CNA	-	Conservation Needs Assessment
COP	-	Conference of the Parties to the Convention on
Biodiversity		
CTF	-	Conservation Trust Fund
DTCA	-	Department of Treasury and Corporate Affairs
DOS	-	Development Options Study
EA	-	Environmental Assessment
ERP	-	Economic Recovery Program
FA	-	Forest Authority
FCP	-	Forestry and Conservation Project
FMA	-	Forest Management Area
GIS	-	Geographic Information System
GoPNG	-	Government of Papua New Guinea
ILG	-	Incorporated Land Group
IA	-	Implementing Agency
LCP	-	Logging Code of Practice
LDOU	-	Landowner Decision and Organization Unit
NEC	-	National Executive Council
NFCAP	-	National Forestry and Conservation Action Program
NFS	-	National Forest Service
NGO	-	Non-Governmental Organization
OEC	-	Office of Environment and Conservation
PIP	-	Project Implementation Plan
PNG	-	Papua New Guinea
PMU	-	Project Management Unit
PM	-	Project Manager
POC	-	Project Oversight Committee
PIF	-	Project Implementation Fund
SOE	-	Statement of Expenditures
TCEM	-	Total Catchment Environmental Management
TFAP	-	Tropical Forest Action Plan
TNC	-	The Nature Conservancy
WMA	-	Wildlife Management Area

Vice President:	Jemal-ud-din Kassum, EAPVP
Country Manager/Director:	Klaus Rohland, EACNF
Sector Manager/Director:	Mark Wilson, EASRD
Task Team Leader/Task Manager:	James J. Douglas, RDV

PAPUA NEW GUINEA FORESTRY AND CONSERVATION PROJECT

CONTENTS

A. Project Development Objective		
1. Project development objective	2	
2. Global objective	3	
3. Key performance indicators	3	
B. Strategic Context		
1. Sector-related Country Assistance Strategy (CAS) goal supported by the project	5	
2. Main sector issues and Government strategy	5	
3. Sector issues to be addressed by the project and strategic choices	6	
C. Project Description Summary		
1. Project components	7	
2. Key policy and institutional reforms supported by the project	13	
3. Benefits and target population	13	
4. Institutional and implementation arrangements	14	
D. Project Rationale		
1. Project alternatives considered and reasons for rejection	16	
2. Major related projects financed by the Bank and other development agencies	17	
3. Lessons learned and reflected in the project design	17	
4. Indications of borrower commitment and ownership	19	
5. Value added of Bank support in this project	19	
E. Summary Project Analysis		
1. Economic	19	
2. Financial	20	
3. Technical	20	
4. Institutional	21	
5. Environmental	22	
6. Social	23	
7. Safeguard Policies	25	

F. Sustainability and Risks

 Sustainability Critical risks Possible controversial aspects 	26 26 27
G. Main Loan Conditions	
 Effectiveness Condition Other 	28 28
H. Readiness for Implementation	29

29

I. Compliance with Bank Policies

Annexes

Annex 1:	Project Design Summary	30
Annex 2:	Detailed Project Description	37
Annex 3:	Estimated Project Costs	46
Annex 4:	Cost Benefit Analysis Summary	47
Annex 5:	Financial Summary	54
Annex 6:	Procurement and Disbursement Arrangements	55
Annex 7:	Project Processing Schedule	69
Annex 8:	Documents in the Project File	70
Annex 9:	Statement of Loans and Credits	71
Annex 10:	Country at a Glance	73
Annex 11:	Social Analysis of Rural Development Issues	75
Annex 12:	Papua New Guinea Conservation Trust Fund (CTF)	76
Annex 13:	Summary of Environmental Review	77
Annex 14:	Forest Protection Policy Condition	86
Annex 15:	First Year Procurement Schedule	88
Annex 16:	Six Year Implementation Schedule	95
Annex 17:	Supervision Plan to Mid-Term Review	100
Annex 18:	Public Participation Summary	106

MAP(S)