

## ***Environment Trust Fund for Papua New Guinea*** ***by Wep Kanawi***

### **I. Background and History**

The idea of establishing an Environmental Trust Fund for PNG has been mooted for several years by the Government, UNDP, and a number of international NGOs including WWF, Biodiversity Support Program, Conservation International and The Nature Conservancy.

The 1994 First Global Forum for National Environmental Funds held in Bolivia was attended by PNG government officials. This gave them the idea and momentum to develop a trust fund for PNG. Soon after this meeting, the Department of Environment and Conservation, with financial assistance from UNDP, started soliciting views from possible stakeholders. WWF was the international NGO that conducted initial discussions with government officials and the international NGOs. These preliminary approaches were not followed up largely due to parochial, sectoral, institutional or personal disagreements among the government officials, the international NGO representatives, and other sectors.

TNC has now assumed responsibility over the initial groundwork which involved consensus-building among the stakeholders (government, NGOs, landowners, possible donors). In cooperation with the UNDP, TNC commissioned three separate studies conducted by foreign experts on aspects of establishing a trust fund for PNG. Draft reports have been prepared. The first covers the legal and administrative aspects; the second discusses operational areas; and the third describes the consensus-building process among the partners. These three reports are, in essence, a feasibility study.

### **II. Goals**

Subject to further discussions and refinements, the goals of the proposed trust fund are as follows:

- empowering stakeholders and encouraging community groups to become involved in fundraising and biodiversity conservation projects;
- promoting local stewardship and ownership of biodiversity conservation projects;
- preparation, publication and dissemination of biodiversity conservation information to local communities;
- provision of funding for biodiversity conservation and associated activities;
- encouraging donations to charity in a society where philanthropy is not known or appreciated;
- leveraging additional funds through levies and charges from onshore and offshore sources;
- providing a vehicle for investment of funds which may be generated from the environment such as those from environmental use and conservation purposes like research, information dissemination, etc.;
- coordinating the activities of donor agencies who support biodiversity conservation to ensure optimum efforts;

- coordinating the activities and goodwill of international and national NGOs to maximize their contribution toward biodiversity conservation;
- strengthening the role of national NGOs and building their capacity to provide assistance to communities.

### **III. Legal Structure**

To date, the study on the establishment of the fund indicates that there are four possible legal structures that can be used: trust deed; a company incorporated by shares or guarantee; statutory authority; or offshore trust.

Of these options, a company or offshore trust appears to be preferable as each does not require further legislation.

### **IV. Governance/Administration**

Depending on the type of entity incorporated, it is most likely that the main role of the two-tier board will be to plan strategically and to oversee the operations of the fund to ensure that its objectives and goals are adhered to. The two boards will be established as an onshore Executive Board and an offshore Board of Trustees or Committee. This structure will shield the fund from internal and political interference, and allow for checks and balance and transparency. The board members are expected to be knowledgeable, experienced and reputable people representing the interests of the stakeholders. Thus, the selection process will be stringent. The international board of trustees are expected to come from donors and the scientific community.

It is anticipated that the daily operations of the fund will be managed by an experienced Executive Director who will supervise a small cadre of project officers. These officers will have backgrounds in the sciences, community services, finance, environment, and other appropriate disciplines.

### **V. Funding and Fundraising**

It is expected that funds will be requested from government, bilateral and multilateral donor agencies. There are no commitments yet but the World Bank has indicated that it is willing to take a lead role.

Environmental levies and taxes, etc. could be legislated and be operationalized through provincial and national tax systems. International sources of funding will likely come from where PNG has credibility and sway. At present the fundraising issue is merely being flagged during discussions.

### **VI. Investment Policy**

The type of fund or institutional framework adopted will have a bearing on the investment policy of the fund. It is, however, anticipated that the assets of the fund will be invested in overseas stocks/bonds and other competitive but low risk markets. Internal bond subscriptions organized and managed by the Central Bank are normally safe investments and yield reasonably good returns. Allowance for risk, inflation, etc. will need to be seriously considered in plans.

### **VII. Relation to National Environmental Plans**

The fund will be linked to strategic plans already developed by the government. In fact it is expected that wildlife parks, marine parks, wetland areas, etc., which are already registered and declared as sanctuaries as well as endangered species will logically form the basis of operating a fund in PNG. The Conservation Needs Assessment Study of 1992 undertaken for PNG, conducted by the Biodiversity Support Program, and funded by the USAID, WWF, the World Resources Institute and TNC, will play a major part in shaping the type of project and extent of funding or other types of assistance required.



The study indicated that PNG needs assistance in the areas of natural resource use and management, conservation project design, implementation, and monitoring and evaluation.

### **VIII. Criteria for Grants**

These will be worked out and allowed to evolve over time. A safe and reasonable time frame for processing applications will be four to six weeks.

### **IX. Monitoring and Evaluation System and Auditing Requirements**

All these will be integrated into the fund establishment to ensure transparency, to measure effectiveness and efficiency and to adopt fund operations accordingly.

### **X. Computer Resources**

These are expected to be in place before the fund becomes fully operational.

### **XI. Perceived Needs**

The fund managers, other officers and staff will require extensive knowledge of fund operations, government policies, environment especially biodiversity conservation, and the Central Bank's financial licensing processes, disbursements, accountability.

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THE FIRST PART

The first part of the book is devoted to a description of the various forms of the verb 'to be' in the different dialects of the English language. It is a very interesting and useful work, and one which every student of the English language should read.

THE SECOND PART

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