

**UNITED NATIONS DEVELOPMENT PROGRAMME**

and partners:

Global Environment Facility  
Conservation International  
Japanese Human Development Trust Fund  
Australian Centre for International Agricultural Research  
Australian National University

**Milne Bay Community-based Marine and Coastal and Marine  
Conservation Project**

**Project Number PNG/01/G31**

Terminal Evaluation of Phase 1

**July 2006**

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## Acronyms

ADB	Asian Development Bank	MBA	Milne Bay Administration
ANU	Australian National University	MBP	Milne Bay Province
APR	Annual Project Report	MBPG	Milne Bay Provincial Government (= MBA)
CBC	Center for Biodiversity Conservation (CI)	MBTB	Milne Bay Tourism Bureau
CBC&MC	Community-Based Coastal and Marine Conservation in Milne Bay Province	MDGs	Millennium Development Goals
CELCOR	Centre for Environmental Law and Community Rights, Inc. (PNG)	MOU	Memorandum of Understanding
CI	Conservation International	MPA	Marine Protected Area
CI-HQ	Conservation International Headquarters (Washington, D.C., USA)	NFA	National Fisheries Authority (PNG)
CLD	Community Livelihood and Development	NGO	Non-governmental Organisation
CMMA	Community Managed Marine Area	NPO	National Planning Office
CO	Country Office (of UNDP)	OP	GEF Operational Program
CSIRO	Commonwealth Scientific and Industrial Research Organisation (Australia)	PCA	Project Cooperation Agreement
CTA	Chief Technical Advisor	PIP	Public Investment Programme (PNG)
DEC	Department of Environment and Conservation (PNG)	PIR	Project Implementation Review
DNP&RD	Department of National Planning & Rural Development (now DNP&M)	PNG	Papua New Guinea
DNP&M	Department of National Planning and Monitoring	PSC	Project Steering Committee
DOE	Department of Education	PWC	PricewaterhouseCoopers
ELC	Environmental Law Centre	SLUNP	Sustainable Land Use and Nutrition Programme
EMB	Education Milne Bay	SMART	Samarai Murua Agricultural and Rehabilitation Training Centre (Misima, PNG)
GEF	Global Environment Facility (UNDP/WB/UNEP)	SMIP	Small Islands In Peril
GIS	Geographic Information System	SPREP	Secretariat of the Pacific Regional Environment Programme
GoPNG	Government of Papua New Guinea	UNDAF	United Nations Development Assistance Framework
ICAD	Integrated Conservation and Development	UNDP	United Nations Development Programme
IUCN	World Conservation Union	UNEP	United Nations Environment Programme
JHDTF	Japanese Human Development Trust Fund	UNITECH	University of Technology (Lae, PNG)
LLG	Local Level Government (PNG)	UPNG	University of Papua New Guinea
M&E	Monitoring and Evaluation	VDC	Village Development Committees (PNG)
		VET	Village Engagement Team
		WDC	Ward Development Committee (PNG)
		WWF	Worldwide Fund for Nature

## Preface

The evaluators express thanks and appreciation for the manner in which they were received by all Project stakeholders and for their readiness to share the insights and information needed to carry out an effective and truly independent evaluation. The Project staff's organisation of our visit and meetings was impressive, as was their careful presentation of a great deal of documentation arising from the Project, and the keen interest they showed in the evaluation itself.

Regrettably, among the positives emerging from their investigations the evaluators have also to report some significant negative findings. We need to point out that concern regarding matters such as personnel management, financial management and 'image' are not the gripes of a few individuals or a small disaffected faction. These concerns were expressed firmly and consistently by numerous interviewees both within the Project and outside it. Annex 5 shows some of the evidence.

In fairness to all involved, a great deal of time has been spent in cross checking these potentially contentious areas before evaluation conclusions were reached. Our determined effort to make the evaluation as transparent as possible and to generate and accommodate a high level of feedback has been at some personal cost. Many more days have been committed to the preparation of this report than was specified in our contracts. Our effort will have been rewarded if this report leads to a reinvigoration of this important project so that it produces a truly successful outcome. We are confident it could be of benefit not only those directly engaged but also to many others, through replicable models suited to all of PNG and also to other countries where biodiversity is managed under customary tenure.

Graham Baines  
John Duguman  
Peter Johnston

July 2006

## Executive Summary

This project is sound in concept and is relevant to local circumstances and official national and provincial development objectives. The full range of public and private sector interests in the Province seeks to have it continued. This call for an extension is all the more significant in the face of gross failures of management that brought most Project activities to a near halt more than twelve months before scheduled Project completion. There is irony in the fact that the Project start was so slow and yet the funds allocated for five years were expended before completion of the fourth year! A lengthy delay in the search for a CTA had not helped. Once his Inception Report had been approved in July 2004 it was stressed to the appointee, by both UNDP and Conservation International (CI), that implementation had to be accelerated or 'funds might be lost'. Accelerated it was; in a single year, 2005, the proportion of total Project funds spent was 58%. By October of that year Project funds were essentially exhausted.

A major factor resulting in this situation was the failure of CI to adhere to the conditions of the legal agreement it entered into as Executing Agent with UNDP – failure in overall management, in financial management, in monitoring and internal evaluation and in technical backup. This problem was compounded by, but not caused by, incompatibility between financial management systems and software used by UNDP and CI. The failure in financial management worsened when, frustrated by the CTA's disdain for CI controls on expenditure, CI simply gave up and left the CTA to spend as he chose.

Despite having a monitoring and evaluation (M&E) system in place UNDP failed to notice that this mechanism was not picking up signs that, by early 2005, expenditure was not being properly controlled, that there were cases where funds were being used on activities of questionable relevance to the Project, that there was widespread discontent among national Project staff, that the Milne Bay Provincial Government (MBPG) was not being treated as a real partner, and that the steering committees (both national and provincial) were not functioning effectively. UNDP should have been more diligent.

The UNDP Country Office (CO), troubled by their late discovery of the Project's financial predicament, and believing that the problem derived solely from what they saw as CI's obscure ways of allocating funds and charging excessive overheads and other costs, sought an explanation from CI, and tried negotiation, but eventually concluded that the only practical thing to do was to draw a line under the past and start afresh. In a demonstration of its conviction that this was a Project of central importance to UNDP's mandate and one of high relevance for Milne Bay, for the nation as a whole, and as a model for other countries where important biodiversity is managed under customary tenure, the CO drew on its limited core funds and committed these through an Ancillary Project Document<sup>1</sup> designed to sustain key Project activities through to a November 2006 finish.

All provincial governments in PNG - and Milne Bay is no exception - suffer from a deprivation of funding and status that saps staff enthusiasm and lowers morale. Much as the MBPG was eager to engage with the Project, there were constraints on its capacity to do so. This is not an unusual situation. It is something that the staff of Projects designed to support and strengthen a local government need to approach with determination and innovative ideas. Efforts by the Project to engage the MBPG in a meaningful way have been very limited; so much so that senior officers speak derisively of the Project as 'a parallel government' and of the Project office as a place where they 'feel intimidated'. For a project that was designed to be a MBPG project executed by a partner, CI, it is a matter of great concern that the Project is regarded among all stakeholders, and throughout the country, as 'a CI Project'. This impression is reinforced by the

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<sup>1</sup> Milne Bay Community-based Coastal and Marine Conservation Project; PNG/02/G31/A/IG/71

fact that the CI logo appears prominently in and around the Project office and on stationery - to the exclusion of UNDP, GEF and other contributors.

The sudden cessation of Project field activities in October 2005 has left many individuals and communities frustrated, some, as the evaluators learned, angry. A Church Development Fund Association founded on the basis of a Project commitment almost collapsed, fish aggregation devices have sunk because Project staff lack funds to travel to repair them, frustrated communities pressed the evaluators to find out when Project staff would return to complete their work, numerous private sector suppliers expressed concern about the large amount of outstanding Project debt (US\$67,000 or more) within the Alotau community, and many national Project staff are actively seeking work elsewhere.

Ratings for sustainability and stakeholder participation are 'marginally satisfactory.' The rating for achievement of objectives and outcomes is 'satisfactory'. However, implementation and monitoring and evaluation can only be described as 'unsatisfactory'.

Despite this bleak picture of Project management some significant positives emerged during the evaluation. Project staff, most of whom are of good quality, have produced results that offer promising indications that, given another twelve months, this Project can yet deliver good results - provided there is wise direction and competent management. Staff contributions to date have been frustrated not only by the dissipation of Project funds but also by a failure of Project management to respect their professional judgement, or to engage them as a team rather than simply direct them without explanation.

The delayed start to the Project meant that meaningful action towards **Output 1** (An enabling environment for marine conservation and near-shore resource management is established at the Provincial, Local Level Government and Ward levels) was not initiated until early 2005. Progress since then has been good, though the evaluators have some questions about aspects of the approach and methodology (discussed in this report).

Work on **Output 2** (A representative network of community-based marine conservation and sustainable near-shore resource management areas is established) also was begun late. There is as yet no network or system, though a considerable body of the required data has been amassed and several communities that control marine areas through customary tenure appear nearly ready for the formal declaration of community-based marine management areas that provide both for biodiversity conservation and sustainable use.

An early start was made on **Output 3** (An environmental education program and conservation awareness activities are imparting marine conservation values and resource management skills to students in formal and informal settings) and a good foundation was laid early in the Project, particularly where materials were produced in local languages. Project design expectations may have been too ambitious in regard to curriculum development since this is controlled by the national Department of Education. Some progress has been made in Milne Bay schools but the absence of indicators of success prevents the evaluators from making a clear judgement in this area. The churches are yet to be effectively engaged. The Project lacks a communications strategy, something that is now urgently needed.

**Output 4** (Conservation objectives are overlaid into land use strategies on densely populated small islands) embraces a complex of activities. Australian National University, subcontractors for a 'Small Islands in Peril' activity in support of the Project has been frustrated and delayed by CI contracting procedures. Nonetheless, draft input from this activity is excellent. Agricultural interventions with target communities are good, and efforts to engage and support the Provincial agricultural extension service are an example of what the Project should be doing with the MBPG. Fisheries work under this component is disappointing. A promising but late start on community health and hygiene and on the participation of women and youth has been made. A

decision by senior management to expand some of this effort to Province-wide support has reduced impact in target communities. Support for MBPG's ambitions in biodiversity-focused tourism has been a problematic area and, as a result, most of the work in this area has been done 'in-house'. The ecotourism strategies and action plan developed by Project staff are of good quality. Nevertheless, it is important that this quickly become a Provincial responsibility.

The appropriate GEF Strategic Priority for this Project is SP2: 'Mainstreaming biodiversity conservation into productive sectors and landscapes'. Regarding Biodiversity Focal Area criteria, though the Project has yet to demonstrate gains in MPA coverage it has made some contribution to Province-wide improvements in marine area management and to sustainable use of biological resources. Progress has been made in developing an appropriate enabling environment, though this work is incomplete. The use of incentives for conservation in the sociocultural context of Milne Bay is a problematic area that no community-based organisation or Project in PNG has been able to satisfactorily resolve. There are signs that replicability of some aspects of the Project could be achieved. There is a greater local awareness of the high global significance of Milne Bay marine biodiversity though more time and effort is needed to establish firm measures for its protection.

Lessons learned through this evaluation are mostly old lessons that have been highlighted in other evaluation reports, but in new forms. These cover the effectiveness of monitoring and evaluation systems; the inadequacy of technical backup; the usefulness of Project staff engaging in their own evaluation, prior to the arrival of the evaluators; the importance of building into project design the necessary emphasis on gender, youth and the marginalised members of society; the limited integration of the Project's four functional teams; and the importance of broad participation in planning and implementation and a high degree of transparency within the project to develop and retain local ownership.

The evaluators' major recommendation is a plan for Project repair and recovery that is presented as Annex 8 as an Action Plan. Other recommendations are:

- an independent assessment of the Project's approach to communities, in terms of the investigation and use of genealogies and, secondly, the Village Engagement Team philosophy, practice, membership and training;
- a review and strengthening of both National and Provincial Steering Committees;
- a 'reminder' for key Project staff that the GEF Brief for project design remains a 'base document' for Project implementation; and
- high priority to be given to local human resources development in projects planned for eventual NEX execution.

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## Milne Bay Community-based Marine and Coastal and Marine Conservation Project

### Terminal Evaluation of Phase 1

#### 1. Introduction

This was a terminal evaluation brought forward by about six months due to an unexpectedly premature termination of the Project as a result of overspending of Project funds. A mid-term evaluation had been proposed for mid, and then late, 2005, but because a final evaluation had been planned for 2006, it was subsequently decided that it would be neither cost-effective nor technically meaningful to do two major evaluations within a six month period.

Phase 1 of the Project has been executed by Conservation International (CI) under UNDP's NGO execution modality on the understanding that project implementation would be transferred to the Milne Bay Provincial Government (MBPG) as soon as adequate capacity had been developed; capacity that was to be assessed periodically through independent evaluation.<sup>3</sup> Phase 1 was designed to pilot the Project's conservation approach in the first of three target zones, all with high biodiversity value, where social feasibility analysis undertaken during project preparation had indicated that prospects for successfully mitigating threats to biodiversity were strong. During Phase 1, the Project was to test and adapt appropriate conservation models that take into account local social, economic and ecological factors, while also establishing an appropriate enabling institutional and policy framework.

Phase 2 was to consolidate Project achievements during Phase 1, including enhancing the sustainability of Project outcomes. Innovative processes and conservation approaches that were to be tested in Phase 1 and found to be effective would then be implemented in the other zones.

The Project office is located in Alotau, the capital of Milne Bay Province. Start up of the Project was slow due to difficulties in appointing a CTA and filling other key positions. A CTA began work in January 2004 thirteen months after Project start. A Project Inception Workshop was held in late March 2004 and a detailed Inception Workshop Report was prepared together with a 3-year workplan for 2004-2006. The Inception Report was modified following the workshop and endorsed by a national Project Steering Committee (PSC). Implementation was greatly intensified and accelerated. The initial impetus for the resulting high spending rate was the perceived need – by UNDP, CI and Project management – to compensate for the initial slow implementation.

Given that the Project started officially at the end of November 2002 (with the signing of the Project document), Phase 1 should normally have ended in November 2007. However, the rate of implementation and expenditure during 2005 and 2006 has meant that Phase 1 funds were effectively finished by October 2005, well ahead of the scheduled completion date and necessitating an infusion of additional funds to continue through late 2006.

Key issues addressed in this evaluation are:

- the extent to which the Project has made progress in developing a model for the conservation of marine species, habitat and ecological processes under Melanesian customary tenure;
- progress toward building local sufficient capacity to reach the skills, and to assume Project management;
- an excessive rate of expenditure of funds;
- difficulties arising through NGO execution by Conservation International;

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<sup>3</sup> See Part III 'Management Arrangements' of the Project Document and related Annexes.

- the nature of monitoring & evaluation arrangements and their ineffectiveness in this case; and
- government and community engagement.

## 2. Evaluation methodology

The team compiled and reviewed a considerable number of reports and documents prior to arrival in PNG. These included UNDP and GEF-specific evaluation requirements and methodologies, documents used in project development and modification (project prospectus, project brief, project document, inception report, etc.), and various guidelines on marine protected area management and sustainable development. Prior to the team's arrival in PNG a round of electronic consultations was conducted. There were e-mail exchanges and/or telephone conversations with various people who have had some involvement with the Project or with similar projects in PNG and elsewhere.

Phase 1 of the Project began slowly in the absence of a CTA. His first task was to review the situation and produce an Inception Report. Accordingly this evaluation attempted to distinguish between these two periods, evaluating the first from December 2002 until early-mid 2004 according to the original Project design; and the second, according to changes made via a final Inception Report of July 2004. This has not proved practicable however.

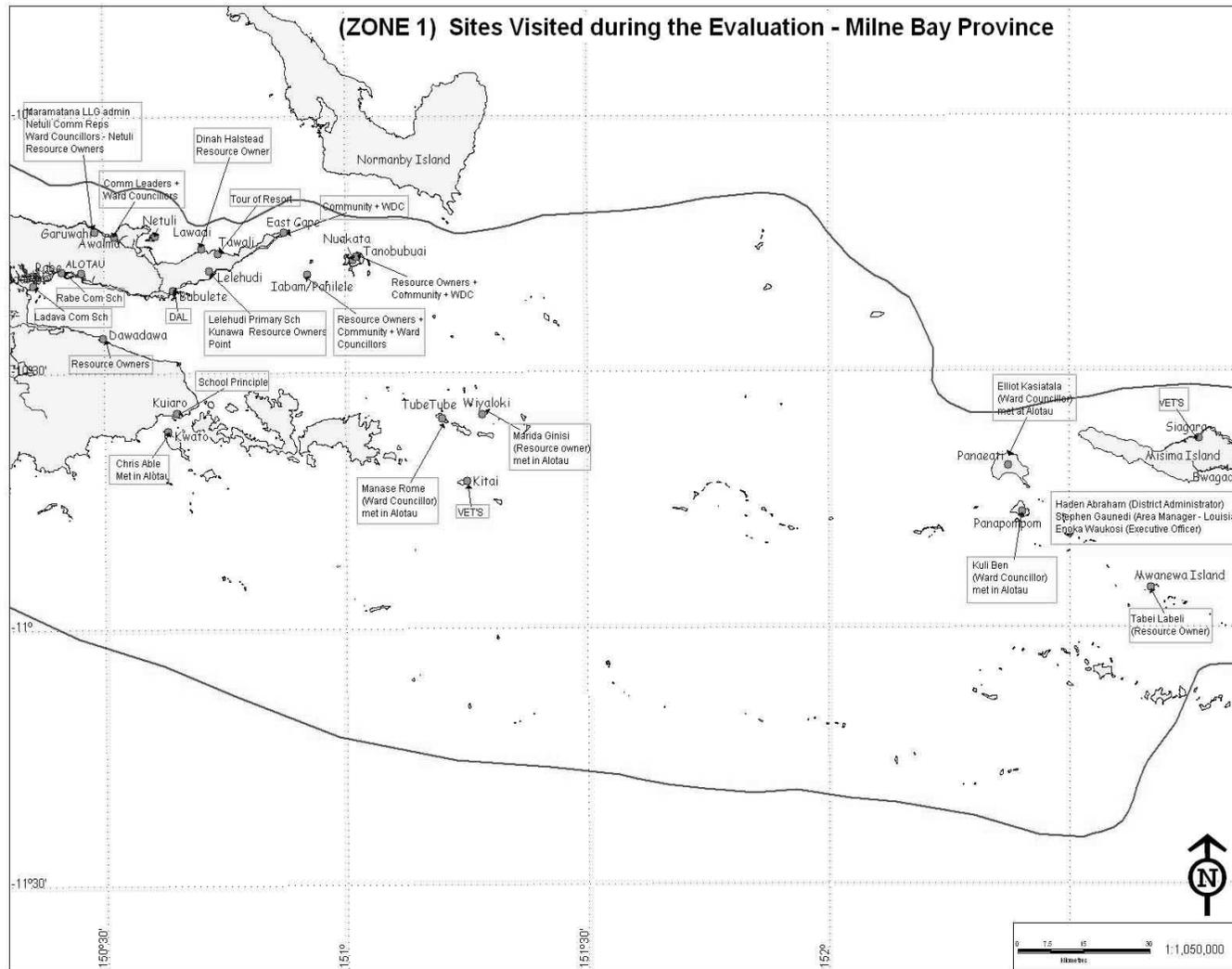
The evaluation Terms of Reference are attached as Annex 1 and the itinerary as Annex 2. After orientation meetings with both UNDP and CI in Port Moresby the evaluators arrived in Milne Bay on 14th June, 2006. There, work began with a detailed presentation by the Governor on the development vision for the province. This provided a background within which the Project's relevance could be seen to be consistent with the province's social and economic development goals. Project team leaders then made carefully-prepared and detailed presentations to the evaluation team. The evaluators note with satisfaction that their advance request to the Project CTA to arrange for these presentations to be accompanied by an in-house assessment of sustainability, replicability and lessons learned had been followed. This was helpful to the evaluators and would have been a useful learning experience for Project staff.

Throughout the two weeks spent by the evaluation team in Milne Bay the team met with a large number of people. Interviews were conducted with members of national and provincial project steering committees, national and provincial government officials, current and past Project staff and consultants, protected area and community livelihood specialists in the Pacific, community members, NGOs in PNG and the wider Pacific, the private sector, and other stakeholders. Two hundred individuals were interviewed, well over half of these on a one-to-one basis. There were follow-up interviews with several dozen individuals. Those interviewed or consulted are listed in Annex 3. Annex 4 provides a list of documentation consulted. Annex 5 illustrates the range of opinions expressed by those interviewed on a number of topics.<sup>4</sup>

Members of the evaluation team visited sites of Project field activities at Nuteli Island and adjacent areas of the mainland, Lawadi, Lelehudi and Nuakata Island. The weather during the evaluation was very bad, with consistent heavy rain, strong winds and rough seas. This frustrated the planned programme of extensive field visits that had been organised for the evaluators. Nevertheless, the tireless efforts of Project staff to provide the evaluators with access to a wide range of stakeholders meant that village leaders, Ward Councillors and others from islands not visited were brought to Alotau on 'trade boats' for evaluation interviews. Map 1 shows sites visited and also the Project sites from which interviewees were brought to meet with the evaluators.

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<sup>4</sup> Those who spoke did so in confidence; they are not identified. The annex does indicate whether the person was a Project staff member, community member, provincial government official, etc.



Map 1: Sites visited and Project sites from which interviewees were brought to meet evaluators

Several hundred documents specific to the Project were compiled by Project staff and the majority of these were reviewed. Annex 4 lists this documentation. Several questionnaires were prepared for the guidance of the evaluation team during interviews. Towards the end of the period spent in Milne Bay questions regarding critical matters still outstanding were presented in writing to the CTA and team leaders to ensure that they understood clearly what information was needed. Annex 6 lists some specific questions posed to Project staff and samples of questionnaires used.

Immediately prior to departure from Milne Bay Province on the 27<sup>th</sup> of June the evaluation team made a presentation of its interim findings to the Provincial Administrator, with senior officials (Deputy Administrator, the two Directors and the MBPG Liaison Officer for the Project). The evaluators then made a presentation on emerging evaluation issues to a meeting of all Project staff. The staff were encouraged to provide feedback by e-mail to the team, the evaluators' e-mail addresses being provided for this purpose.<sup>5</sup> The following day, in Port Moresby, the morning was spent in discussing the emerging evaluation results with UNDP Country Office (CO) officials and with the UNDP/GEF Regional Technical Adviser (RTA). In the afternoon a three-hour presentation and discussion was undertaken with a group of national stakeholders drawn from the membership of the National Project Steering Committee (PSC) plus representatives of Conservation International. Milne Bay Province's interest in the Project was firmly underscored by the attendance and active participation of its' Governor.

Before departing PNG a 17 page Interim Report was presented to the UNDP CO and distributed to a wide range of Project stakeholders – to provide them with an opportunity to comment on information compiled by the evaluators, provide any further information that was not brought to the attention of the evaluators during their stay in PNG, and to comment on interim statements made and conclusions expressed in the Interim Report. In response a 47-page submission was received from the Project Chief Technical Adviser (CTA) on behalf of the Project, and feedback was also provided by a number of other individuals. All of this information was received within ten days of the Interim Report's release and was given due consideration in the preparation of this final report, together with a range of matters discussed by e-mail and telephone with the UNDP CO and the Regional GEF Coordinator for Biodiversity.

Just as the last adjustments were being made to this evaluation report notice was received that a late submission would be forthcoming from CI's Washington headquarters. This pause was used to provide the Project CTA and team leaders with an opportunity to comment on the draft 'Results' section of the report. Four staff members responded, with useful information clarifying a number of issues. The complexity of the Project and its various engagements and diversions is such that there could still be some matters left untouched by this evaluation but, with information still being received only hours before submission, a halt was declared and the report finally 'went to press'.

The Interim Report had ventured to propose one very important recommendation regarding an immediate need for 'repair and recovery' action for the Project. Because of the urgency of that matter the evaluators also prepared and provided to the UNDP CO and the UNDP/GEF RTA a draft Action Plan with suggestions as to how this recommendation might be addressed. This has since been further discussed and developed and is presented with this report as Annex 8.

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<sup>5</sup> In the event, no individual staff submissions were received. The CTA arranged for individual feedback to be incorporated into a submission that he e-mailed to the evaluators on 10<sup>th</sup> July 2006.

### 3. The Project and its development context

#### 3.1 Origins of the Project

One item in a memorandum for the PNG UNDP CO prepared by the team leader of the 1996 terminal evaluation report on the Bismarck-Ramu UNDP/GEF Project read: ‘conservation of PNG marine biodiversity has been neglected and is under increasing threat, that it is managed through customary marine tenure systems and that a practical approach to effecting conservation is through a focus on protection of habitat for species of subsistence and commercial importance. The effectiveness of marine area management through these systems varies a great deal and in some areas is quite weak. Even so, interventions that reinforce customary management can be successful.’

The archipelago of Milne Bay Province is a region of very high global biodiversity significance. Inventory work continues to uncover new species of coral, fish and other fauna, and the area is renowned for many globally rare species, including dugong, marine turtles, giant clams, and black coral. The global biodiversity significance of this area was acknowledged by a 1997 UNDP/GEF Project Identification Mission that listed Milne Bay as a priority site for project formulation.<sup>6</sup> Despite long term subsistence use and a measure of commercial harvesting, Milne Bay’s marine ecosystems remain in excellent condition. However, pressures on the environment are escalating, threatening to undermine global conservation values.

An application for PDF-B funding in 2000 was successful and the resulting GEF Project Brief of 2002 envisaged the Project objective as developing ‘a process of participatory planning, management and monitoring operations that: protects a representative sample of Milne Bay Province’s coastal and marine biodiversity – of sufficient geographic size to maintain long-term ecological processes; is collectively owned and driven by local and provincial stakeholders; and is ecologically, financially, and institutionally sustainable.’

Commercial fisheries and mariculture, presently conducted on a relatively small scale, have been identified as development priorities. Subsistence activities, however, remain the backbone of the rural economy, supplemented by artisanal fishing, and remittances from relatives employed elsewhere. Nature-based tourism offers potential, Milne Bay’s reefs representing one of the largest remaining tracts of good reef and associated habitats. Considered by marine scientists to be the global focus of coral reef ecosystem biodiversity (including parts of neighbouring Indonesia and the Solomon Islands) Milne Bay reefs are part of what is termed the ‘coral triangle’. Anthropogenic threats have been contained by low population densities in coastal areas, lack of local access to destructive fish harvesting technologies and equipment, the province’s relative isolation from economic centres, and the use of traditional management methods that generally prevent overuse. Pressures are now building as socio-economic and demographic fundamentals change and traditional management measures are discarded by communities or are undermined by outside exploiters.

The Project strategy as envisaged was based on the development of zoned conservation areas, anchored by protected zones, with surrounding multi-use buffers. The intention was that the design of the conservation areas and management measures would be ‘orchestrated through an organic community-driven process’. Part of this strategy was to be benefit sharing — ensuring an optimal and equitable distribution of benefits from resource utilisation and, also, investment in capacity building and mechanisms for stakeholder co-operation. It was clearly stated in the Project Brief that ‘the ownership and control of the process by customary resource owners and other stakeholders will be stressed throughout the Project, commencing with the design phase.’

Project sites were to be selected so as to capture a representative sample of biological diversity. Selection would be based on several criteria including: alpha diversity (number of species) and beta

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<sup>6</sup> Piddington, K., Baines, G., Barry, G., and Huber, M. 1997. Environment Programming Mission to Papua New Guinea. Report Prepared for the United Nations Development Programme.

(habitat) diversity (sites to include a broad sample of habitats); biological distinctiveness (rare habitats, etc.); environmental condition; and the occurrence of rare or endangered species.

### 3.2 Matters that the Project seeks to address

The Project seeks to achieve an adequate level of protection of marine biodiversity of global significance through support for the dispersed communities that manage these areas under customary tradition and law. Three large so-called ‘Marine Conservation Zones’ (a term that has since been replaced by ‘Zone’) were selected as the focus of conservation interventions and Zone 1 was to be the target of phase 1 interventions. The location of these zones is shown on Map 1.4.3 of the Project Brief reproduced as Map 2 on the next page.

### 3.3 The Project’s objectives, and its intended outcomes

The Project’s **Development Objective**, or Goal, is: To conserve a representative sample of the globally significant marine biodiversity of Milne Bay Province.

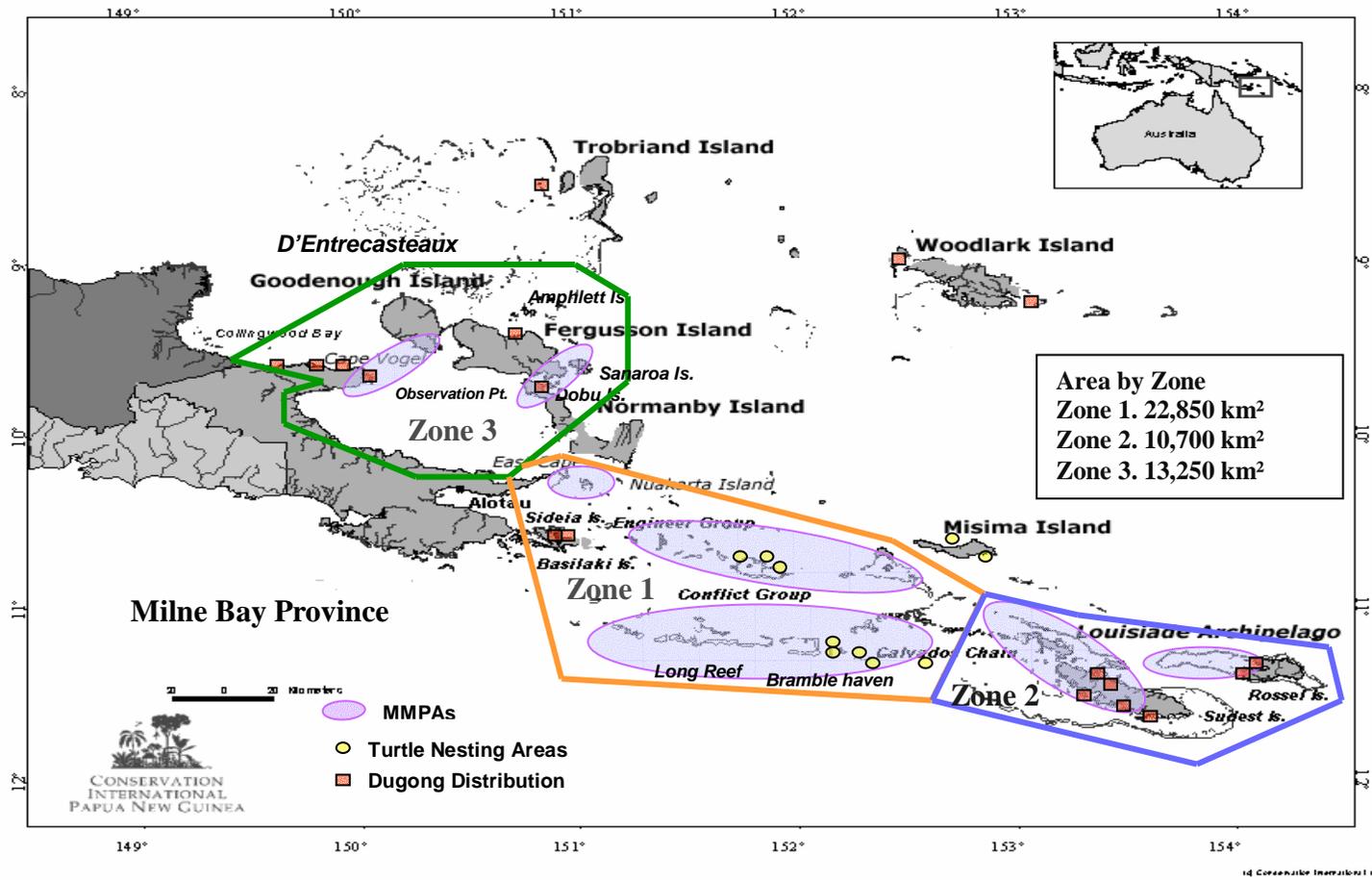
The Project **Purpose is**: A community-based conservation management framework is operationalised in partnership with national and provincial government authorities, the private sector, non-government organizations and the local resources owners.

The Project **Outcomes**<sup>7</sup> are:

1. An enabling environment for marine conservation and near-shore resource management is established at the Provincial, Local Level Government and Ward levels;
2. A representative network of community-based marine conservation and sustainable near-shore resource management areas is established;
3. An environmental education program and conservation awareness activities are imparting marine conservation values and resource management skills to students in formal and informal settings (elementary, primary and secondary schools, vocational schools, church schools); and
4. Conservation objectives are overlaid into land use strategies on densely populated small islands

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<sup>7</sup> These are called ‘Outputs’ in the original Project Brief but correspond to Outcomes in the latest GEF logframe terminology, which is also used in the annual Project Implementation Review report.



Map 2: Project Zones

### 3.4 Main stakeholders

Neither the Prodoc nor the Inception Report explicitly identifies the main stakeholders, or the Project beneficiaries. However, the GEF Project Brief does so in some detail. This is a clear indication that the designers of the Project always viewed the Brief as an integral part of the design documentation, something that seems subsequently to have been forgotten by Project management. From the research conducted as part of the Social Feasibility Study stakeholders or beneficiaries were identified in three categories:

- **Primary Stakeholders** are people who directly depend on the reef for a living and who make direct use of its resources. Communities in the Project area are all culturally similar, despite linguistic differences. Most are predominantly matrilineal so that clan membership, territorial rights, inheritance and succession to leadership are determined through the female line, though males are usually the spokespersons. Generally, clans are politically autonomous, with separate hamlets and territories. Each has its own trading alliances, often based on marriage or clan relationships, with communities on other islands. Most are subsistence and artisanal fishers selling bêche-de-mer and shells to secondary stakeholders and they rely mainly on fishing and subsistence agriculture for their food supply and livelihoods.
- **Secondary Stakeholders** are people who do not use the reef and its resources directly, but make use of products or services from the reef or whose actions may affect the reef indirectly. This includes the main marine resource buyers and exporters. Other groups may include hoteliers, developers, dive operators and shop owners.
- **Relevant Organisations** are organisations with direct responsibility for managing activities affecting reefs and reef resources or with an interest in the primary or secondary stakeholders, including churches, government, NGOs, local users, universities and researchers. Some of these organisations participated or assisted in project formulation and planning missions, and were included in the Project design as contributors to implementation.

The Project was to facilitate strong stakeholder involvement in planning, implementing and monitoring activities, and various strategies were devised to encourage active stakeholder participation.

## 4. Findings and Conclusions

### 4.1 Project Design

A great deal of effort went into the design of the Project, with an immense amount of useful biodiversity and social information generated during the process leading to design. After project identification in 1997 two rapid assessments of the region's marine biodiversity were conducted under the auspices of CI (1997, 2000). CI then used GEF PDF-B funds to explore in detail the opportunities for biodiversity conservation. These studies embraced an appropriately strong social element, boosted by the contribution of a valuable set of socio-economic data arising from an anthropological study at Brooker Island that preceded CI's entry.<sup>8</sup>

The scope of the Project, although ambitious and wide, was delineated clearly with an emphasis on the protection of important and representative marine ecosystems, with an implicit, though not expressly stated, focus on islands.<sup>9</sup> The Project was set in a context of the sustainable

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<sup>8</sup> Information arising from doctoral research undertaken by Jeff Kinch.

<sup>9</sup> PDF B report: Footnote 3: Based on the results of existing biological and social investigations, the following areas constitute the most probable site priorities: North East Cape-Nuakata, the Conflict Group and the Engineer Group. A

management of resources and the need to support improvements to the livelihood of relatively marginalised island communities. With the resources allocated, and time made available, and considering that there was at that time already a well-documented PNG experience of workable community-entry approaches<sup>10</sup>, the Project's designed outcomes/outputs were both appropriate and achievable.

The evaluators understand that there was ample consultation with a wide range of stakeholders within PNG in general and Milne Bay Province in particular, at provincial government, local government, private sector and community levels. Although some indicative activities in the Project Document (Prodoc) could have been more clearly expressed, the resources indicated were broadly appropriate. The Prodoc design unfortunately gave little attention to considerations of gender and youth – an important omission given the fact that collective traditional 'ownership' of land and marine areas in Milne Bay is based on matrilineal inheritance. Because the youth of today will very soon be the adults responsible for managing marine biodiversity their engagement is imperative.

#### 4.2 Project inception

Following the arrival of a CTA in January 2004 a Project Inception Report was drafted in March, reviewed during a workshop attended by a wide range of stakeholders, and revised by July 2004. The Inception Report introduced a number of changes, expanded the scope of some interventions and formally extended coverage to include mainland communities.

This report was accepted in its entirety by the National Project Steering Committee (NSC) and, so, it formally approved all the changes included. It is good that this approval encompassed an item that addressed the previous deficiency regarding women and youth. However, the evaluators are of the opinion that the expansion of activities to new areas through a redefinition of Zone 1 was inappropriate. Zone 1 boundaries that had been established from extensive analysis by experts of the ecological, physical and social characteristics of the Province's island systems were extended at Inception to include areas of the mainland. The reasoning behind this has been explained by the CTA to the evaluators. He had judged that the boundaries decided through a lengthy multi-stakeholder exercise in defining zones on biodiversity, social and other criteria were inadequate. The CTA also offered a second, administrative, reason for changing the boundary saying that part of the justification was to better fit LLG administrative boundaries. Though the latter would have been a valid consideration the evaluators are of the opinion that this not did provide sufficient justification for overriding the zoning determined by experts from a range of

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final decision on site selection would be made following a provincial wide priority setting exercise

Para 3: " Several marine and terrestrial sites in the Province have been identified as high priorities for conservation interventions in PNG's Conservation Needs Assessment "

GEF Project Brief: Para 10: ... 1992... Conservation Needs Assessment (CNA) ... defined priority areas for biodiversity conservation across the country. ... Milne Bay Province's coral reefs were singled out as a top conservation priority. PNG has prepared a GEF-funded Biodiversity Country Study confirming these priorities, and articulating conservation strategies that have informed the design of this project.

Para 25: Activities in Phase 1 would develop MPAs within three sites within Zone 1, i] the islands off of East Cape, Nuakata and Yabam/Pahilele; ii] the Engineer Group – Tubetube, Skelton, Kwaraiwa, Tewatew and Anagusa-- and the Deboyne Islands – Paneati and Panapompom; and iii] Long Reef/Bramble Haven — Brooker and Ware Islands

Para 28: Within Zone 1, at least 3 MPAs will have been formally gazetted in the East Cape Islands, the Engineers Group and the Deboyne Islands, under the stewardship of local communities and the WDCs

Annex G: Map of The Project Area clearly identifies the MPAs of Zone 1 as Nuakata island, the Engineer Group and the Conflict Group.

Prodoc: Areas of interest in Phase 1 are; Nuakata, Yabam/Pahilele Islands, Engineer group of Islands, Ware Island, Deboyne islands, Brooker Island and their associated reef 'territories'.

<sup>10</sup> Notable among these was an approach developed by the Bismarck-Ramu Group in an earlier UNDP/GEF project and this followed on an eloquent explanation of lessons learned from a previous failure of that same project arising from inappropriate community engagement at Lak, New Ireland and published by UNDP as "Race for the Rainforest".

disciplines, and that any ideas he had regarding boundaries should have been marshalled as recommendations for consideration for the proposed phase 2. Several deviations from the original Project concept observed by the evaluators appear to have arisen from this inappropriate zone boundary change.

It might be suggested that approval of this significant Zone change arose because the NSC was not sufficiently vigilant or had failed to think through the consequences. However, this Committee was dealing with a daunting 137-page document that was not clearly written and in which the proposed Zone 1 change was not explicitly and clearly identified for attention as a change of such significance should have been. This important matter was merely alluded to at page 42 (oddly, under the heading 'Risks') as 'The Project team has refined the boundaries for zones 1-3, and introduced another zone - Zone 4 ...' This item could easily have been missed by Committee members, as it was by the evaluators until they began a search to specifically track down the origin of the Zone boundary change.

Belatedly, CI-HQ has commented on this matter:<sup>11</sup> 'CI agrees with the point made by the Review Team. This significant change [Re-drawing of Zone One] was effected without consultation with CI Senior Leadership and without proper reference to the considerable groundwork that was laid by the Project planning documents.'

Other changes made at inception made more sense: 'Increase the focus on the Institutional Strengthening component; Modify and expand the approach to Community Development in order to take a more integrated and holistic approach to livelihood and community development; and Broaden the scope of the Project to include an Operations and Management Component.'<sup>12</sup>

The Inception Report redefined many Activities and switched these among the four core outputs. There are numerous inconsistencies and repetitions among different sections of the Report, making it difficult to discern actual Project priorities and, so, to use these as a basis for judging success in meeting Objectives. A Results Management Framework for the Project at page 53 (Fig.17) is marred by confusing shifts in descriptive titles, and by unrealistic indicators. For example, under a heading 'Mainstreaming Biodiversity in Production Landscapes and Sectors' the indicators proposed are: 'fisheries catch per unit effort in Project areas; Species composition of catch in Project areas; Age/size structure of catch of target species in Project areas; Income distribution by source by household; and Material style and household livelihoods.' The effort that would be required to undertake the survey work needed to quantify these indicators would greatly exceed the time and resources available through the Project.

Commenting on this Inception Report, CI stated<sup>13</sup>: 'In this Inception Report, major changes were effected in contravention of CI's objectives and requirements. The Project Steering Committee, which was tasked to provide substantive oversight over the Project, apparently provided minimal review and questioning of this critical document. This was an important failure of oversight.'

#### 4.3 Implementation Approach - NGO Execution

The preferred project execution modality for UNDP is National Execution (NEX) and more and more projects are now under NEX rather than Direct Execution by UNDP Country Office (DEX) or NGO execution. It was agreed that Phase 1 of the Milne Bay Project would be executed through an NGO, Conservation International, while sufficient capacity was developed within the Milne Bay Provincial Administration to administer and implement this Project.

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<sup>11</sup> CI-HQ response to the evaluators' interim report; 18<sup>th</sup> July 2006.

<sup>12</sup> Inception Report page 60.

<sup>13</sup> CI-HQ response to the evaluators' interim report; 18<sup>th</sup> July 2006.

#### 4.3.1 Overview

The Project has been executed by Conservation International (CI) under NGO execution arrangements as specified by a Project Cooperation Agreement<sup>14</sup> legally requiring CI ‘to undertake the Project in accordance with UNDP policies and procedures as set out in the UNDP Programming Manual.’<sup>15</sup> Overall responsibility and accountability are with CI’s Washington DC headquarters with day-to-day management through the Melanesia Programme based in Port Moresby.

In brief, project management by CI has been extremely poor, indeed negligent - with poor reporting, excessive charges for overhead expenses, a poor relationship with provincial government officials, and little or no effective oversight or control of Project activities, expenditures, staffing, or adherence to UNDP/GEF rules and procedures. CI ignored its management responsibilities by effectively transferring nearly all authority for Project matters to the CTA in 2004.<sup>16</sup>

Poor NGO management – as described below and elsewhere in this report – has exacerbated, and often directly resulted in, considerable waste in human and financial resources, deviation from some core Project objectives, a partial shift away from a community-managed approach to top-down planning, and inadequate cooperation and coordination with provincial government officials. There is disagreement within CI on the extent to which management failures can be attributed to the head office in Washington or the Melanesia office in Port Moresby. This is not an issue for this evaluation. CI is the entity responsible for the Project; and the distribution of management functions is an internal CI issue which the evaluation team has not attempted to assess.

#### 4.3.2 Project reporting

CI is obliged to meet all standard UNDP reporting requirements. As noted in the Prodoc, these include a quarterly operational report, a combined Annual Project Report and Project Implementation Review (APR/PIR), a quarterly financial report, and a certified annual financial statement on the status of funds advanced by UNDP. In general the executing agency should keep UNDP informed of project status and consult every three months (or as circumstances arise) to review the work plan and Project budget. For much of the Project’s existence since late 2002, these basic requirements have not been met.

- Although Project staff apparently prepared monthly reports for CI from early 2003, these are unavailable. There was no status report from CI to UNDP covering the first seven months of the Project.<sup>17</sup> An initial Project Status Report was prepared in January 2004 covering the period July–December 2003 and the most recent of these covers July–September 2005. For five of the eleven quarters the Project has been in existence (through June 2006), no progress reports were provided to UNDP.
- As far as the evaluators could determine, the Project has never had a specific budget for counterpart training, although a training needs assessment was carried out for MBPG staff and others. Management training for the MBPG was agreed, and was scheduled to occur in late 2005 or early 2006 but had to be postponed until Sept 2006 because no funds would be available until the new CI financial year.

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<sup>14</sup> This is Annex 1.3 of the Project document (UNDP, 2002).

<sup>15</sup> This is almost impossible to find online as it has since been replaced by the Results Management section of the UNDP User Guide (<http://content.undp.org/go/userguide/results>), which can be accessed only with a password.

<sup>16</sup> Senior CI staff admitted this during evaluation interviews: “We dropped the ball. ... The CTA has full financial authority. ... CI grew too fast and had inadequate internal controls and we were very late in taking action.”

<sup>17</sup> The national project steering committee report of July 2003 says, ‘CI provided a written brief update to the committee on the progress of key inception activities undertaken to date.’ The committee called for ‘... UNDP [to be] officially briefed on the Project as soon as is practical.’

- There has been only one combined Annual Project Report/Project Implementation Review, covering the period July 2004–July 2005.
- There has been at least one certified annual financial statement,<sup>18</sup> covering 2003, on the status of funds advanced by UNDP. The team has not seen subsequent reports but nor has it reason to doubt that these have been prepared and provided as required.
- As far as the team is aware, there has been no regular quarterly consultation to review the work plan and the Project budget. Since late 2005, there have been detailed consultations between CI and UNDP on budget issues particularly related to parallel financing.

#### 4.3.3 Preparation of the MBPG for Project execution.

The Prodoc (Part III Management Arrangements) clearly states the intention to transfer project execution to the Milne Bay Provincial Government with ‘the aim [of] transfer to take place at the end of phase 1’ and the responsibility of CI to ‘ensure that the MBPG is increasingly more involved in the Project during phase 1, through the designation of counterparts to each Project expert and specific budgeting for counterpart training.’ The Project was explicitly expected to ‘strengthen the provincial policy and institutional framework for marine conservation activities.’ The Prodoc clearly specifies that ‘in general annual reports and work plans<sup>19</sup> are to be prepared by MBPG and CTA in cooperation.’ CI has not ensured that the Project operates in a manner that genuinely includes the MBPG in decision-making, includes joint work planning or helps prepare the MBPG for eventual project execution. There are, however, indications of some recent improvements.

- The most consistent complaint to the team by MBPG officials<sup>20</sup> was the inability or unwillingness of the Project – or more accurately, Project management – to routinely work directly with the Provincial Government in terms of joint activities, joint work planning, or even regular reporting to the MBPG on the status of Project activities. To the contrary, senior officials referred to the Project as a parallel or shadow government, attempting to duplicate the functions of the MBPG.<sup>21</sup>
- The existence of a separate large Project office in a very small town, rather than the integration of at least some Project staff into MBPG offices, has isolated Project staff from government officers. Several key senior officials said they felt unwelcome at the Project office.<sup>22</sup>
- Until January 2006, the Provincial liaison officer responsible for MBPG linkages with the Project was a relatively junior official and this did not help. From January 2006, the formal liaison has been at the senior level of Principal Adviser for Planning. Even so, the majority of Project staff interviewed in June 2006 reported that they were unaware of the existence of a formal liaison position and over 75% said that they had no counterpart within the MBPG.
- As far as the team could determine, the Project has never had a specific budget for counterpart training, although a training needs assessment was carried out for MBPG staff. Training was agreed, and was scheduled to occur in late 2005 or early 2006 but had to be

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<sup>18</sup> This is the UNDP Financial & Compliance Examination and Financial Statement for November 29, 2002 to December 31, 2003 (with Independent Auditors’ Report and Independent Auditors’ Reports on Compliance and Internal Control).

<sup>19</sup> The national PSC reiterated in May 2005 that there should be joint work planning between the CI Project and the MBPG through the provincial PSC.

<sup>20</sup> This view was expressed by virtually every MBPG official interviewed at Principal Adviser or higher level. At least 15 interviewees fell into this category.

<sup>21</sup> The national Project Steering Committee meeting minutes, though incomplete, often refer to the need to improve the Project’s relationship with the PG. See Annex 5 for illuminating examples of statements made by interviewees on this and other topics.

<sup>22</sup> It should be noted, however, that several key MBPG offices shared the same building (and floor) as the Project office and interaction between government and Project staff should have been straightforward. There may have been an attempt by the Project to partly co-locate with the MBPG in 2002 or 2003 but informant reports differ radically on the seriousness of the effort.

postponed until Sept 2006 because no funds would be available until the new CI financial year.

- Project workplans and project reporting have never been prepared jointly with the MBPG as required.<sup>23</sup> Only as late as early 2006 did senior Project staff engage with Provincial officials in a review of the provincial development strategy. As a result a revised policy for 2006-2015 was prepared, expanding coverage of protected area management, conservation and sustainability – changes that can in part be attributed to Project influence.
- In early 2006, a Collaboration Framework between the Project and the MBPG was finalised ‘signifying the commitment towards implementing the joint work plans and program, the joint plans and programs referring mainly to utilisation of anticipated GoPNG financial inputs. Although this comes late in the Project’s life, it is a welcome development<sup>24</sup> and MBPG staff have noted a recent improved willingness within the Project to work with them.

Despite the evaluators’ conclusion that the Project has not been managed in a manner that genuinely prepares the MBPG for eventual project execution, some individual Project staff have sincerely attempted to work with provincial officials and inform them of Project activities.

#### 4.3.4 Provincial Government responsibility for Project success

It needs to be acknowledged that the MBPG itself shares some responsibility for the poor relationship with the Project. Senior officials have not exercised their considerable authority through the Provincial PSC or raised concerns with UNDP.<sup>25</sup> Some have misrepresented the relationship with the Project and resisted, actively or passively, some efforts at improved cooperation. In some cases, MBPG staff have refused to accompany Project staff to field sites unless they received an allowance above actual travel costs. Similarly, the national government failed to provide in-kind or cash services as agreed in the Prodoc. Nonetheless, a primary objective of the Project is to prepare for local management of a possible second phase. CI should have ensured a strong and consistent effort to do this, as it is a high Project priority.

It is significant that soon after the arrival of the evaluators in Alotau they were handed a submission signed by the Provincial Administrator. The core of this submission<sup>26</sup> is quoted here:

##### ‘Main Achievement Under Project Phase 1:

‘Communication through VHF and hand held radio is one of the main achievements within the province. The VHF system funded under the Project and PIP and implemented by one of the Provincial Lead Agency/Divisions in the Project and has strengthened the province in the area of communication within the district. One of the major users to this service is the project partner - Conservation International.

##### ‘Major Failures Under Phase 1 Of The Project.

‘In all of the Phase 1 Project output activities, Conservation International played a lead role on the part of the Provincial Government. Most probably the provincial stakeholders do not have any funds or technical staff to team up with CI. On several occasions CI only took its staff to undertake activities in the Project area without advising the provincial stakeholders or at least provide funds for engagement of stakeholders to team up with the CI team.

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<sup>23</sup> Project management suggests that the limited collaboration with the MBPG and limited building of MBPG capacity were due in part to very low staff numbers until late 2004 (from ‘Response to the Interim Evaluation Report from the Milne Bay Project Team’ dated 30 June 2006 but finalized about 10 July 2006). While this is true, joint work planning and reporting could have started early in the Project, no matter how few Project staff had been engaged.

<sup>24</sup> There is however, a caveat regarding unwarranted financial commitments by the Project. These are discussed under ‘Financial planning and management by CI’.

<sup>25</sup> MBPG staff have raised concerns through the national PSC but apparently never to UNDP directly.

<sup>26</sup> Provincial Steering Committee Meeting Resolutions on community base coastal and marine conservation project in Milne Bay Province; 15 June 2006.

‘By doing so, it breaches as well as bypasses the Government Administration mechanism by conducting activities at the ward and LLG level, which were supposed to be undertaken in collaboration with the Administration. These activities include land mediation, training as well as recruitment of personnel to be engaged in the Project. CI had also put in capital to build up Education Milne Bay as training centre while failing to fund the training centre for the Provincial Administration of the government

‘As a result of these breaches and lack of non-participation from the Provincial Government, it has created conflict in the Project areas whereby some of the wards (i.e Panaeati and Panapompom) formed opposition to CI work in the Project area under phase 1.

‘Apart from that, there was no consultation and collaboration between the provincial implementing agencies and CI on the programme as well as lack of transparency. One of the main activities under the programme is to build up the capacity of the provincial stakeholders involved in the programme to enhance its continuity. This has not occurred because most of the staff contracted under the Project are stationed at the CI Office and there is no networking between the CI and the Provincial Administration.

‘In terms of the project funding arrangement, the Provincial Steering Committee, which utilizes the entire GoPNG funding component, has drawn up a collaboration framework for various activities under the Project to be undertaken by various lead Divisions involved in the Project. Such had not been executed due to the non-release of the GoPNG funding component to the provincial implementing agencies involved in the Project. On several occasions when the stakeholders programme under the Project was taken to CI for funding, CI did not provide direct funding to undertake this programme but tried to source funding from the GoPNG Incentive Funds ...’ ‘... often derailing the stakeholders programme. Had CI continued to fund some of the stakeholders programme from the UNDP funding component in the absence of the GoPNG funding component, it would have created a collaborative partnership between CI and the stakeholders.

‘Apart from that, the Milne Bay Administration must also share some of the blame for Project weaknesses under phase 1 as it failed to identify a suitable lead Division to coordinate the Project effectively. If the administration was serious at that time about the Project it would have tasked the Fisheries and Marine Resources Division within the Milne Bay Administration to act as a coordinating body, supported by the Environment Unit (the Environment Unit does not have manpower capacity to carry out the coordinating and liaising role). In that manner it would build up the Division’s capacity as it had the manpower to better coordinate the Project. Because of this oversight, and the lack of manpower and resource capacity within the Environment Unit to act as liaising and coordinating agency, it affected the entire Project liaison between the stakeholders and the Project partner.’

#### 4.3.5 Financial planning and management by CI

CI as the executing agent has entered into a legal agreement with UNDP that includes responsibility for sound financial management. Yet planning and management of Project finances by CI have been extremely poor. Due to frequent changes in accounting staff in Alotau (four financial managers in less than 30 months), changes in CI accounting software, incompatibility between CI and UNDP financial management systems, inadequate training of Project staff in CI’s accounting system,<sup>27</sup> and lack of Alotau access to detailed information on CI’s parallel

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<sup>27</sup> According to CI, “CI’s annual planning and evaluation system, which includes a periodically updated access database of outputs and activities for each conservation project, was not properly used by the field team. In addition, the field team failed to enter a proper budget into CI’s Oracle system nor did they properly enter expenditures as required into the Oracle system, making periodic evaluation of program and financial progress of the initiative difficult indeed” (E-mailed communication from B Beehler, CI Washington, 11 July 2006).

financing expenditures held elsewhere, the information the evaluation team was able to access on financial matters is incomplete and, worse, in some cases inconsistent.

The evaluation team skills do not include forensic accountancy. Nonetheless, the team believes (see Table 1) that approximately \$800,000 could, and should, have been available for actual Project activities within Milne Bay Province but was rendered unavailable to the Project as a result of poor CI management in general, and poor financial oversight of expenditure authorised by the CTA who approved some unnecessary and avoidable expenses. Senior Project management argue that the funds lost to the Project due to poor CI management and to wrong charges were considerably higher, over \$1.4 million<sup>28</sup> including some additional items. This may suggest that evaluation team's estimates are conservative. The evaluators are, however, unable to substantiate some of the calculations by senior Project management.<sup>29</sup> CI-HQ disputes their figure of \$1.4 million. Annex 7 provides explanations for the estimates in Table 1.

**Table 1: Approximate levels of funds wasted through poor Project and financial planning**

Type of Expenditure	Amount (\$ '000)
Overcharges <sup>31</sup> by CI on allowable project execution fees and overhead costs	400
Failure of CI to arrange income tax free status for int'l staff employed on a UNDP-funded project (and related alleged overcharging of staff remuneration costs) <sup>32</sup>	200
Frequent overseas travel for business visas arising from a failure of CI to arrange work permits for int'l staff	30
Support for counselling services which were well beyond the scope of the project	67
Bathymetry/seabed mapping for prospective MPAs (unnecessary for MPA delineation or management)	<u>110</u>
Total	821

<sup>28</sup> The 'Response to the Interim Evaluation Report from the Milne Bay Project Team' calculates total of \$1,424,641 as follows: CI Overheads (Port Moresby & DC Offices) additional to the executing fee charged against the Project (\$407,619), CI in-kind contribution retrospectively allowed by UNDP and thus no longer available to the Project (\$283,619), Alotau in-kind cost obligations transferred to the CI in parallel budget (\$306,096), unsubstantiated and unreasonable charges for international salaries and overheads (\$300,172) and CI Small Grants charged to the Project (\$127,135) but unauthorised by UNDP.

<sup>29</sup> The team cannot judge, for example, the extent of alleged overcharging related to international salaries or some Project management assumptions, e.g. whether UNDP justifiably allowed CI's full in-kind obligations to be transferred to CI's parallel financing budget to offset CI's expenditures after the PDF B phase ended but before the Project formally began.

<sup>31</sup> CI and UNDP differ fundamentally on the legitimacy of these charges. According to CI, the charges were "due to CI making an effort to recover some of the direct costs of project management as well as collection of an execution fee" (E-mailed communication from B Beehler, 11 July 2006). In its 18 July comment to the evaluators CI-HQ stated: 'None of the Washington or Port Moresby direct management support costs of the Project were charged to the GEF or TRAC/JHDT funds or applied against the NGO Execution Fee/Management Fee. Costs incurred by Washington and Port Moresby in direct management oversight of the Project were charged to other CI funds and counted towards the parallel funding requirement.' This underlines the misunderstanding.

<sup>32</sup> CI-HQ responded to this point by saying 'this was simply not possible under PNG conditions. It was certainly looked into by our HR and legal team. Such tax waivers are afforded only to UN Institutions' (CI-HQ response to the evaluators' interim report; 18th July 2006.). Several informants were adamant that other NGOs in PNG have been able to negotiate income-tax free arrangements with the GoPNG, particularly for UN funded projects. We are unable to confirm this and WWF PNG reported in an e-mail message that it is not aware of such arrangements.

There are also areas of expenditure totalling over \$ 1 million which the evaluation team feels were excessive and could have been reduced substantially by better financial planning and controls. These are summarised in Table 2 below and also explained further in Annex 7.

**Table 2: Examples of Project Expenditure considered extravagant**

Type of Expenditure	Amount (\$ '000)
Contracted training needs assessments and related training	280
Staff travel during 2004-2005 (excluding 'visa runs')	659
VET 'patrols' to prospective Project community sites (excluding \$160,000 in above travel costs)	140

In its 18<sup>th</sup> July 2006 response to the evaluators CI-HQ has expressed the view that: 'some of the confusion also arose from the fact that the UNDP changed its accounting system in mid-course, and never provided CI with a revised budget based on the new nomenclature.' At the least, this seems to point to poor communications between UNDP & CI

#### 4.3.6 Project budgeting

An 'initial' Project budget was approved by the NPSC in July 2003. A three year budget covering UNDP inputs (i.e. TRAC, GEF and JHDTF) for 2004 through 2006 was included in the July 2004 Inception Report and approved by the national PSC. The evaluation team has found no evidence of any subsequent procedure for preparing, revising or approving annual Project budgets. Team and overall workplans generally do not include any indication of the budgets available or required for the work. The most recent independent audit report<sup>33</sup> refers to a 2005 budget 'based on the revised work-plan for 2004-2006' suggesting that there has been no annual budget revision process.<sup>34</sup> Though there is nothing to suggest that the auditors did anything but adhere to their terms of reference the evaluators found these audits to be superficial and unhelpful. They reveal no hint of the major problems unearthed during evaluation.

Whether or not there was regular budget planning, vetting and oversight by CI, the control at Project level in Alotau has been grossly inadequate. Prudent management of financial resources requires knowledge by the Project Financial and Administrative Manager (FAM) of all available funds, commitments and expenditures. However, it is clear from interviews and observations that this individual does not have access to all of this information. For instance, the incumbent has no access to contracts that have been entered into for Project services.

Project Team Leaders had no access to the budgets available for their teams until recently - just as to their surprise (and that of others!) - activities ground to a halt when funds suddenly ran out. Until the last six months or so team leaders have had no incentive or mechanisms to exercise control over their team expenditures. Now that in theory they have some control, there are no funds to control!

#### 4.3.7 Acceleration in Project expenditure

GEF/TRAC/JHDTF funds are available for direct Project expenditures. As shown in Table 3 below, the Project spent only 3% of these funds during 2003, about 36% in 2004 and 58% in 2005. All UN funds were exhausted by early 2006. In February 2006, with considerable reluctance, and only after a protracted effort to establish what had gone wrong, UNDP accepted the parallel funding claims of CI for 2003-2005 as shown below. Including CI's report of parallel

<sup>33</sup> This is the *draft* 'Management Letter & Audit Report of the Milne Bay Biodiversity Conservation Project' (PricewaterhouseCoopers; Port Moresby, May 2006) covering financial year 2005.

<sup>34</sup> The evaluators requested information by e-mail from senior Project management on the annual budget process but received no reply.

financing expenditure for the first quarter of 2006, Project funds were essentially exhausted by early 2006. The Project has had almost no funds for field activities from about October 2005 to the present. Poor financial reporting and management by CI, pressure by UNDP CO from 2003-2004<sup>35</sup> to increase expenditure levels, and very poor financial control and management at the Project level have all contributed to this situation. Some of the information in the table is apparently incorrect<sup>36</sup> but it illustrates the very rapid rate at which expenditure grew in 2004.

**Table 3: Project Expenditure from December 2002 to March 2006**  
(US\$ millions; excludes additional UNDP \$0.525m commitment)

Source	2003 <sup>a</sup>	2004	2005	2003 <sup>a</sup> - 2005	2006 Q1	2006 Q2-Q4	Total
GEF, TRAC & JHDTF	0.126	1.392	2.260	3.780	0.11	0	3.90
% of total UN funding	3%	36%	58%	97%	3%	0%	100%
CI Parallel Funding <sup>b</sup>	0.227	0.175	0.411	0.813	0.545 <sup>c</sup>	0.01	1.36
Total	0.353	1.567	2.671	4.593	0.655	0.01	5.26
% of total funding	7%	30%	51%	87%	12%	< 1%	100%

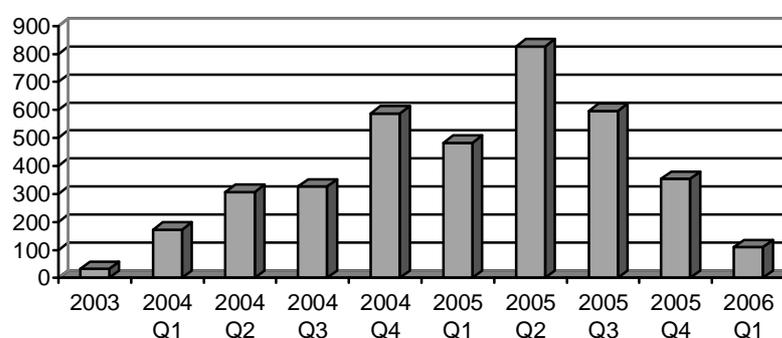
a) 13 month period of December 2002 – December 2003;

b) As accepted by UNDP

c) Preliminary claim

The chart below shows clearly the very rapid rate of expenditure (in thousands of dollars per quarter) of GEF / TRAC / JHDTF funds from the second quarter of 2004, peaking at over \$0.8 million per quarter in early 2005, and dropping rapidly as funds were drained. A slower, more measured increase in the rate of expenditure, focused on core areas of Project interest, would have had a far better chance of sustainability and replicability of positive achievements and outcomes. Note that 2003 expenditure is the quarterly average.

**Figure 1: Rate of disbursement of UN Project funds**



In a response to the evaluators' Interim Report the CTA offered the view that: "The Project agrees that financial management has been very poor. Financial management and reporting for the Project is the responsibility of Conservation International, and it was recognized in the NGO capacity assessment that CI needed to introduce strict financial management guidelines to ensure that GEF/UNDP institutional standards were met. The CBC Finance Manager was responsible for ensuring that CI and UNDP financial management standards were upheld."

<sup>35</sup> From the Minutes of the national PSC, July 2003 "Harumi Sakaguchi, UNDP, "... reiterated the need for the project to meet GEF delivery requirement as under-delivery will be a concern for GEF and under delivery may impact on funding flow to the Project." According to the NPSC minutes of July 2004, "UNDP expressed concern about the rate of expenditure, and in particular the acquittal of TRAC funds. These funds must now be fully acquitted at the end of each financial year, or they will be lost."

<sup>36</sup> The Project staff provided a revised version of the table (which appeared in the evaluation team's Interim Report) in July 2006 but the totals did not add up so the original version has been kept.

CI-HQ saw the situation in different terms: 'In 2005 and 2006 the Project did not follow its CI-approved budget; in addition, the team apparently delayed acquittals, and the CI system could not counter these ploys aimed at delaying reporting of true costs of the Project. As indicated in the interim report, there was an explosion of spending that occurred over such a short time that CI's system simply was unable to get it under control before it was too late. This was an important lesson learned by CI.'

#### 4.3.8 Miscellaneous financial issues

The evaluation team cannot be sure it has an accurate and up-to-date picture of Project expenditures, obligations and overdue accounts (at least kina 197,000), in part because the financial manager, unusual for a person in this position, does not have access to most Project contracts, Memoranda of Understanding (MoUs) and agreements with financial implications. As noted above, until recently, team leaders had no budgets against which to develop meaningful workplans or to judge expenditure and its cost effectiveness against objectives. With the information available to the evaluators it is difficult, if not impossible, to assess expenditure against specific Project outcomes. Although Project management may have been led by CI to assume that all CI small grant funding was additional to parallel finance, in the absence of a clear written understanding from CI it was imprudent to have assumed that these funds (exceeding \$400,000) were all additional funding.<sup>37</sup>

A collaboration framework between the Project and the MBPG, developed in late 2005 and signed in January 2006, strongly suggests a new commitment of substantial Project and CI small grant funding at a time when the Project was already in serious financial difficulties. This agreement allocates Project and promised GoPNG funds intended for the support of Project activities. CI claims never to have approved such negotiations by Project management, nor the document in question. It is a surprising that senior Project management could have displayed such poor financial judgement.

#### 4.3.9 Internal monitoring and evaluation of the Project

There are records on file at CI's Port Moresby office of considerable correspondence (between Project staff in Alotau, CI Washington and CI Port Moresby) from early 2005 expressing serious concerns with the way the Project was being managed in Alotau.<sup>38</sup> Whatever the accuracy or otherwise of specific allegations, had CI intervened at that time the Project today could have been much better positioned to deliver good results. A CI investigation could have identified the problem areas and could have dealt with them directly and, at the least, advised UNDP of the nature of these problems.

Yet CI Washington apparently made no effort to investigate and resolve the issues about which they had been informed. CI is said to have an internal system of M&E. It has been ineffective in regard to this Project and, in its response to the evaluators' interim report CI-HQ could only say: 'As indicated in the interim report, there was an explosion of spending that occurred over such a short time that CI's system simply was unable to get it under control before it was too late'.

#### 4.3.10 Miscellaneous issues of execution

The Prodoc specifies that the Executing Agency is required to obtain any licenses and permits required by national laws and to ensure that all relevant national labour laws are observed. An annual inventory must be prepared of equipment, supplies and other property purchased with

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<sup>37</sup> It is understood that the CTA sought such an understanding from CI on several occasions.

<sup>38</sup> These include assertions of unauthorised financial transactions, unauthorised contractual promises, the lack of clear prioritisation of activities, avoidance of CI financial control procedures, expenditures far beyond approved levels, lack of apparent MBPG ownership of Project, *post hoc* alterations regarding approved purchases, poor relationships with local staff, etc.

UNDP funds. The Executing Agency must ensure that all personnel are free from any conflicts of interest relative to Project activities. 'Backstopping' is the provision by an Executing Agency of specialist technical advisory services to the Project on matters that are beyond the experiences of the Project staff. In general, CI has not taken these responsibilities seriously.

- For a period of about 12-18 months,<sup>39</sup> three international Project staff did not have valid PNG work permits and flew to Australia every 60 days (at Project expense, including in some cases the travel costs of family members) to renew temporary business visas. The cost to the Project, both in financial terms and in personnel working time, was enormous and the legality of this practice questionable. Although obtaining work permits can sometimes require several months, a failure of the magnitude displayed here is highly unusual.<sup>40</sup> As of late June 2006, one Project vehicle (a mini-bus) had never been licensed and may not have ever been used. Another vehicle (a 4 WD Hilux) was also unlicensed.
- An inventory of equipment, supplies and other property purchased with UNDP funds has been prepared but is incomplete.<sup>41</sup> There has apparently been no annual report prepared for UNDP and no complete physical inventory has been undertaken. There is no ID number or any identification, as required, to indicate that vehicles, boats or any other equipment have been provided by UNDP. However, UNDP-supplied equipment has been moved from a number of private homes and other unsecured locations to several central, more secure sites.
- Although there is no evidence of any actual conflicts of interest, there are strong perceptions within the community of a possible or potential conflict of interest because one Project staff member is a (minority) shareholder in a private company that has received sizeable Project contracts. CI should not have allowed this to happen.<sup>42</sup>
- There is no evidence of any technical backstopping (except advice on incentive agreements) despite requests from Project staff. To the contrary, a number of Project staff complained of many unanswered e-mail messages to CI requesting assistance that should have been readily available at little or no cost to CI.<sup>43</sup>
- Project management have engaged a committed, hard-working, experienced and mostly competent national professional staff. Staff morale is very low, for reasons beyond the current uncertainties regarding future funding. Staff, including team leaders, feel that their concerns and professional advice are routinely overridden. There are suspicions of favouritism being exercised in some appointments. Staff are also troubled by inequitable contractual arrangements for some of their colleagues and by a massive differential between their salaries and those of the expatriate staff whose salaries are well above the norm for NGO international staff in PNG.

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<sup>39</sup> The evaluation team requested details from the Project of the period when 'visa runs' were made, the number of these trips and the total cost to the Project but the information provided is incomplete and somewhat vague.

<sup>40</sup> One former CI and Project staff member reported, "I obtained a work permit under CI by simply going to the Department of Employment, submitting my application and then standing in line at Immigration. It was not a difficult task. WWF has tax free status for its expatriate employees so CI should have been able to obtain this easily enough." The evaluation team is aware that staff of some development assistance projects, particularly those carried out by private companies under contract, have also experienced difficulties with work permits and some have adopted the Project's approach of a series of short-term business visas. Nevertheless, the indications are that NGOs in general do not face the delays encountered by private companies.

<sup>41</sup> This is reported by PricewaterhouseCoopers (Project Management Letter, May 2006)

<sup>42</sup> A staff member is a shareholder in Education Milne Bay, which has carried out a training needs assessment and training activities for the Project, with Project and/or CI contracts exceeding \$200,000. A number of MBPG public servants and members of the public questioned the propriety of such arrangements and UNDP's policies regarding such matters.

<sup>43</sup> According to CI (Beehler, 11 July 2006), "In spite of considerable interest in the Milne Bay marine initiative by a range of CI technical staff, the Project leadership was resistant to engagement by the Washington, DC-based experts as well as the Melanesia-based team. The CTA led the Project as a program separate from other CI field projects, which caused many at CI no little consternation." Nonetheless, Project staff provided a number of examples of repeated direct requests to CI Washington to which no responses were received. Examples include requests for any CI guidelines on nature-based tourism, CI advice on MPA-specific techniques for GIS software, and marine species monitoring techniques.

#### 4.4 Ownership of the Project at the national, provincial and local levels

There is clearly a strong sense of ownership of the project *concept* at all levels but there was a view consistently expressed by government officials, Project staff, National Project Steering Committee members, the public of Milne Bay and the PNG ‘conservation NGO community’ that the Project *as implemented* was owned by CI, to the exclusion of the government and people of the Province. This may be seen by CI, an organisation that seeks publicity and depends on it for fund-raising, as good news. For the Milne Bay Provincial Government it is seen as a slight on their role, which they feel is being undermined by what one senior official described as ‘a parallel government’.

Despite this negative perception of implementation, virtually every single person interviewed expressed a strong need for this type of project and the point was made in every meeting attended by the evaluators.

#### 4.5 Stakeholder participation

The level of **primary stakeholder** participation has been very good from Project start-up until late 2005. However the hiatus in field activity since that time has undermined that success. The evaluators met a wide range of primary stakeholders and all expressed frustration and a sense of having been neglected.

There is disenchantment, too, among **secondary stakeholders**, including the major marine resource buyers and exporters, and also hoteliers, developers, dive operators and shop owners. The wide spread of Project debt among storekeepers and hoteliers was the source of many complaints to the evaluators. Earlier, there had been quite good relationships with some of these stakeholders and, considering that they continue to express enthusiasm for the Project itself, the participation of secondary stakeholders could, with a Project recovery (and repayment of debts), return.

Then there is the category of stakeholders described in the Project Brief as ‘**Relevant Organisations**’, (those having direct responsibility for managing activities affecting reefs and reef resources or with an interest in the primary or secondary stakeholders, including churches, government, NGOs, local users, universities and researchers). Promised Project funding that was slow to eventuate and left a new grouping of the churches designed to contribute to Project sustainable livelihood in what might be described (in both metaphorical and ecclesiastical terms) as ‘limbo’ severely tested the churches’ patience. The MBPG, as described elsewhere in this report has not engaged closely. Representatives of environmental NGOs have expressed a sense of alienation. Alotau Environment has no association with the Project and national NGOs such as the WWF South Pacific, The Nature Conservancy (TNC), and Conservation Melanesia (CM) have no meaningful contact. As a sub-contractor ANU, of course, has contact with the Project but there has been only limited Project association with PNG institutions such as the University of Papua New Guinea.

#### 4.6 The conservation community

An important intended aspect of the Project was the formation of a conservation alliance for the Milne Bay Province that would serve as a tool for environmental advocacy and legal services in the promotion of marine conservation and sustainable use of resources with local communities.

The contractor would be responsible through a collaborative and participatory process to initiate the emergence of a conservation alliance associated with Civil Society in close collaboration with the public and private sectors - to be based on a baseline assessment of level of stakeholder awareness to be implemented in year 1. There is no evidence of such an assessment having been undertaken. A contract for advocacy and legal services was negotiated but not finalised. The

evaluators have seen the draft contract. It was focused on broader issues of environmental advocacy, especially the troublesome forestry sector.

## 5. Project results

### 5.1 Attainment of objectives and outputs

The Project's **Development Objective** is to conserve a representative sample of the globally significant marine biodiversity of Milne Bay Province. Project achievements in this regard are still at an early stage, with a promising base for achievement being established.

A large number of communities has been engaged by the Project and others have asked to be involved. There is a good spread of these communities across Zone 1 (and beyond). Their locations are shown on Map 3, overleaf.

This assessment of **Outputs** is made according to listings of Indicators as presented in the Inception Report, which is what the evaluators are bound to do. However, there are substantial differences between the Inception Report arrangement and that of the Prodoc. Some of the clarity of the former has been lost, and there is overlap in indicators across Outputs. Indeed there are some that really are not indicators at all. These are used more as topics that serve as a basis for evaluation comments. This tends to result in an assessment that is not as clear as is desirable. However, the basic findings that emerge are still valid. Many of the indicators against which this assessment is made are for the end of year 5, whereas the evaluation was conducted after three and a half years — 5 months before the revised Project closure date one year early because of overspending.

#### **5.1.1 OUTPUT 1.**

**An enabling environment for marine conservation and near-shore resource management is established at the Provincial, Local Level Government and Ward levels.**

Indicator: **All Zone 1 management plans integrated into LLG development plans.**

The mechanism for integrating these plans into LLG development plans is yet to be finalised and activated.

Indicator: **District level programming recognises marine conservation programmes, and Ward rules are incorporated into LLG/Provincial laws.**

The indicator is inaccurate – LLG, not District level is the appropriate level at which to work. Progress has been made in the drafting of LLG laws but these are yet to be adopted. There is no evidence of changes at District level, though it could be said that at District, LLG and Ward levels there is a greater awareness of marine conservation. With regards to Provincial laws, consultation around a Provincial Act setting up the Provincial Authority has been done (more is needed) and a start on a draft policy submission made. Discussions have been initiated with MBPG taking the LLG laws to this level as well.



**Indicator: At least four WDCs are engaging target communities in marine resource management by end of year 3.**

A re-examination of the administrative arrangements led to a Project decision that CMMA management committees would be a more appropriate institutional support arrangement than would Ward Development Committees. A decision was also taken by the Project to include Village Courts in the arrangements at Ward level so as to relate their compliance role more closely to CMMA management. This appears to be a distinct improvement in approach, though the effectiveness of the co-management arrangements between resource-owning sub-clans and others is yet to be tested, and cannot be tested until the proposed LLG legislation is in place.

**Indicator: Customary ownership and use surveys for at least six communities by year 5.**

Considerable effort has been invested in the development of methodology for investigating customary ownership. Detailed genealogical investigations considered by Project staff to be a necessary element of these investigations have been undertaken and a considerable amount of data acquired by individuals carefully trained for this purpose. Genealogies and sub-clan ownership boundaries have been determined for 80 sub-clans in total, 37 of these being within the original Zone 1 and the remainder on the mainland outside that Zone. This is a sensitive topic on which to work and the Project has adopted a proactive approach that some with experience in Melanesian customary land and sea tenure question. The rationale for the Project's bold intervention in this difficult area is expressed at Annex 10 and there is further discussion of this issue, below, at the end of this section.

**Indicator: An environmental advocacy alliance is exchanging monitoring data on reef-related trends and threats to Provincial law enforcement by year 4.**

The Project can claim a major and significant success in having acted in concert with the province to provide information and advice instrumental in limiting the damaging incursion of a live reef fish trader into Zone1. This action was 'significant' in that it has been instrumental in raising awareness within political and government circles, and among the public in Milne Bay Province of the vulnerability of the resources component of local marine biodiversity. This success seems also to have been helpful in overcoming some resentment that had arisen from misunderstandings that emerged from an earlier Project attempt to alert authorities to the need to adjust harvest levels for the marine product, bêche-de-mer, to sustainable levels.

**Indicator: Conservation initiatives incorporated in at least six Community Development Plans.**

Considerable data has been acquired for the preparation of 'Options Papers' - meaning, options for sustainable development activities that would have the effect of reducing negative impacts on marine biodiversity. Options Papers have been prepared for, and presented to, two communities. The idea is sound but it is unfortunate that these papers are far too long and are written in a technical style unsuited for the communities for which they are written. Much information in the papers would be helpful for communities if presented in a more meaningful style and format.

There is, however, some concern about perceptions arising from these documents. Infrastructural support for communities is not (and it should not be) a major undertaking for this Project and needs to be handled with great care to ensure such support is not seen simply as a 'hand-out.' The evaluators are not convinced that a sufficiently careful stance has been adopted by Project management. There appear to have been a number of ad hoc promises intended to persuade communities to 'sign on' for CMMAs - without careful prior examination of overall community needs, and a legitimate Project role in meeting that need. Some see this as success in itself, including CI-HQ, which states: 'CI recognizes the CTA's considerable achievements -

eight conservation agreements signed as of June 2006.<sup>45</sup> The evaluators are not convinced that numbers of documents signed spells success. They heard several complaints several times from LLG Councillors and community representatives frustrated because 'promises' had not been kept, even after signing 'papers'. Even allowing for the fact that perceptions of so-called 'promises' can easily become inflated, without real foundation, there appears to be some substance to these complaints.

**Indicator: Small island vulnerability indices are entered into the PNG Resource Information System by year 4.**

The Australian National University has undertaken work on behalf of the Project to develop these indices. Lengthy delays by CI in arranging a contract and making payments for this task appear to have delayed the production of the final report.

Other matters relating to Output 1

**Customary ownership and use surveys**

The Project needs to identify groups holding marine 'territory' and its contained biodiversity as there is no written record of this. At a village level in PNG a dual system operates with respect to formal institutions of governance and the informal, or traditional, based on social organisation. One strand is that of customary ownership and use - a complex system of social units divided along ethnic, tribal, clan, sub-clan and even family lines. The other strand is that of formal government, represented at a local level through District, LLG and Ward structures. There is little in PNG administrative and legal frameworks to provide for integration of the two.

A challenge for conservation planning is to find ways of connecting these two strands, utilising the strengths of both, through structures and institutions that achieve the establishment and long-term sustainability of conservation areas. The approach taken by the Project is based on the existing social and cultural structures. It recognises and utilises the fundamental building blocks of local society - the customary groups that own and/or use resources.

The Project has adopted an approach that involves the compilation of family trees based on the relevant form of inheritance (mostly matrilineal), with associated information on migrations of individual ancestors, generations that lived in the given area, and connection through marriage and affiliation to other sub-clans. It also involves the compilation of information relevant to understanding the social, cultural, and economic factors that underlie tenure in each area.

The process of establishing MPAs in Milne Bay cannot be disconnected from issues of resource ownership and usage. Establishing an MPA means recognising local ownership of marine areas. If community-based marine area management for biodiversity conservation is to succeed, then a clear statement as to who owns and is responsible for a marine area is needed. The establishment of MPAs will not only more clearly delineate who now has access to what resources, but can also result in some change in established local patterns of use. There is another reason why Project staff say that a detailed approach to social mapping and genealogy is necessary – because the Project has literally been forced to do so because of the prevalence of disputes over traditional ownership.

Communities engaged by the Project have been quick to realise that the declaration of an MPA is a way of securing tenure, of having their customary rights recognised by authority. Tenure security is a major factor in motivating groups to participate in marine protected or managed area establishment and this security is enhanced through involvement with the Project in a number of ways: through the 'legitimacy' that is inferred by being the ones, amongst many, with whom the Project deals; through participation in the genealogy survey and ownership of documents produced from it; and through having an officially recognised set of rules and regulations (the

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<sup>45</sup> CI-HQ submission to the evaluators, 18 July 2006.

Plan of Management) that can be used to limit even one's own group members, or close affiliates. This is a way of shrugging off social pressure and being able to avoid the direct blame for having to limit others, i.e. 'It's not me telling you not to harvest clams; it's the Plan of Management'.

The evaluators are impressed by the research and considered thought that has gone into the development of Project policy regarding the identification of the social groups that collectively 'own' and manage marine areas under customary law. However they have reservations about such an 'invasive' approach; 'invasive' in the sense that it involves outsiders (the Project) acquiring genealogical information that customarily is kept confidential and the release of which can, and often does, give rise to disputes and social disruption. Such consequences were considered in the development of the Project approach, and the reasoning behind interventionist policy is clearly described at Annex 10.

There have been disputes in some areas where the Project has documented genealogies. Some suggest that the Project investigations triggered these disputes. The Project view is that the disputes had already manifested themselves and that the recording of genealogies was instrumental in resolving them.

The evaluators are of the opinion that the Project experience in using this approach, and the social impact this has had, should now be subjected to a careful review by people not directly involved in the Project. The evaluators are also of the opinion that it is ill-advised for the Project to engage directly in the resolution of disputes, as it has done. Provincial authorities, including the Police, expressed concern about this sort of direct action. In any case, should there be a dispute in a prospective CMMA, even though a magistrate might decide 'ownership', ill feeling could persist to the extent that the CMMA cannot be sustained. Having made these statements, and urged restraint, the evaluators do admit that ultimately a proactive approach such as this might, in some circumstances, work. However it is not appropriate for a Project such as this to intervene to the extent that has been tried.

#### **5.1.2 OUTPUT 2:**

**A representative network of community-based marine conservation and sustainable near-shore resource management areas is established.**

**Indicator: At least six MPAs in Zone 1 gazetted by Year 5.**

No MPA (known within the Project as CMMA) has been gazetted since the required legislation, though in advanced draft, is yet to be accepted and introduced.

**Indicator: Co-management plans developed for dedicated MPAs by Year 5.**

All of the data needed for management plans at six sites has been obtained, and two plans have been drafted. The basic structure of these plans is sound: a brief summary of results from biological, social and economic assessments; conservation and development options developed in close consultation with, and agreed to by the community; a simple zoning plan together with the rules that were developed in consultation with the community; an outline of the joint undertakings agreed to by the Project and community; and an outline of the proposed co-management and operational arrangements.

The problem with these drafts lies in the heavy technical style in which they have been written. A management plan that is to be the basis for a rural community's management of its marine areas needs to be 'user-friendly'. These are not. The Project 'marine team', understanding of local perceptions and capabilities, had been working to a simpler format. Unfortunately, senior management directed that a more technical style be used.

The intention from now is for each management plan to be accompanied by a targeted training and capacity building programme for the co-management committees, managers and wardens. It

is also intended that members of the involved communities be provided with para-legal training to prepare them to understand and apply the rules and penalties provided for in the management plans.

Each of these communities has signed with the project an MOU that outlines the obligations of each party. Most of these MPAs are multi-zoned, and include no-take, subsistence and artisanal fishing, and rehabilitation zones. The Project 'marine team' believe that all communities where they have worked have been satisfied with both the approach and the thinking behind zoning and management planning. The evaluators had limited opportunity to check this finding but found no evidence to the contrary.

Four of these six target MPAs have been subject to intense survey (reef condition and species composition, bathymetry, and genealogy). Now that MOUs have been signed the next step is to facilitate the process for the communities to set up their management arrangements, and for the Project to then provide co-management training. Also, biological monitoring stations are to be established as a basis for the assessment of MPA performance.

**Indicator: Fisheries management plans for four commercially exploited species by Year 5.**

Activities related to fisheries are assigned to the CDL team. Plans for stock assessment work to be jointly carried out with the NFA and other stakeholders were, as the 'marine team' describes it 'brushed aside as time was critical to concentrate more on MPA establishment.' So, no fisheries management plans have been prepared.

The Project intended fisheries management work to focus on community fisheries activities. However, the fisheries management component of the Project's livelihoods intervention is very weak and this shortcoming is made worse by the limited fisheries management capability of both MBPG and the NFA.

A potentially rewarding Project initiative was to introduce communities in two CMA candidate areas to Fish Aggregation Devices (FADs). The Project received assistance from the PNG Coastal Fisheries Management and Development Project, funded by the Asian Development Bank (ADB), to do this. Experience elsewhere has shown that the sustainability of FAD programmes is their major weakness. It is not realistic to expect an outside agency to replace FADs every time they disappear, and if FAD users are gaining benefits from the FADs then it is reasonable to expect them to be willing to maintain them. In explaining this view, one expert<sup>46</sup> pointed out to the evaluators that, this being new technology, the package of assistance provided to the Project by the Coastal Fisheries Management and Development Project included a training course for community members on how to maintain and replace FADs. The design chosen was low-cost inshore FADs that are (or should be) within the means of users to maintain. Using this approach, FADs can be constructed for as little as K200 (US\$67) each. But he went on to explain that it is not realistic to expect communities to start maintaining the FADs immediately they are deployed. A phased approach is needed, with the FADs operational for a year or two under Project care before handing over responsibility. This allows time for the communities to (a) perceive the benefits, (b) figure out appropriate organisational arrangements/ responsibilities for FAD maintenance, and (c) put in place arrangements for raising the necessary cash for maintenance.

Half of the six FADs installed became waterlogged and sank within weeks. The official Project response was to blame the communities. It was, they said:

‘...due to circumstances beyond the control of Project staff, i.e. lack of funds to conduct follow-up visits to Project sites to reinforce the messages re regular maintenance.’<sup>47</sup>

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<sup>46</sup> Garry Preston, Team Leader/Resource Management Advisor. PNG Coastal Fisheries Management and Development Project

<sup>47</sup> From the Project submission to the evaluators in response to the Interim Report prepared by the evaluators

The evaluators were informed by one member of the Project staff, and this was confirmed by the expert who conducted the FAD training and installation exercise, that the premature sinking of three FADs was the result of Project staff not having arranged for the correct wood for these FADs. A last-minute replacement with soft, water absorbing wood was intended as a short-term substitute that would be replaced soon - but never was. Project staff are as concerned about this slight on their performance and image as are the evaluators. The FAD incident would not have received this much attention in this report had it not been for the fact that it underscores two important points:

- the urgent need to build a stronger Project fisheries management capability; and
- the damaging consequences of financial mismanagement that has left Project staff in a position from which they are expected to blame Project failures on lack of funds.

Though a simple technology, there are considerations regarding the social impact of FADs that Project staff need to take account of. 'Good' fishermen often don't need the FADs, and see them as a way through which 'bad' fishermen can become more successful. Hence the 'good' fishermen may become jealous and cut the FADs off. This has been common elsewhere in the Pacific island region. Further, the potential benefits of FADs are not necessarily open to all. If they are not close inshore it may be that only the better-off, with outboard motors, can access the fish that aggregate near the FADs.

**Indicator: Thirty percent of representative ecosystems, communities, habitats and species adequately protected.**

Project staff are confident that about thirty percent of the representative ecosystems and habitats are encompassed by the MPAs that are close to formal establishment, though the evaluators have not sighted evidence in support of this.

**Indicator: Species management plans for turtle and dugong by year 5.**

Good work has been done in affording a measure of species protection for sea turtles through a species management strategy developed on the basis of data from surveys conducted by Project staff. Project staff recognise that further protective measures are needed and hope that this can be achieved through special provision for these species in the MPAs that are to be established. The work on dugong management is still preliminary and more survey-based scientific information is required to establish local feeding ranges and migratory pathways before proposing MPA arrangements for the protection of these animals.

Project surveys on turtles have provided sufficient information for management plans with a turtle focus to be developed for the Louisiade and Bwanabwana LLG. These plans emphasise sustainable harvesting under strict conditions. This is a situation where complete prohibition of take is impractical. A turtle and dugong strategic action plan has been drafted for the Province as a whole. This action plan spells out measures for the management of these two species on a broader scale.

**Indicator: A total of forty WDC members, VET members and village recorders trained in aspects of MPA management and marine conservation by Year 3.**

See 5.4 (Communities and community engagement) for a detailed consideration of VET teams and membership. This has been the focus of the training effort so far and, with some qualification, the overall result has been good.

**Indicator: Independent monitoring confirms that MPA zones are being adhered to and infractions are being reported and penalized by Year 5.**

Since no MPAs have been established as yet there are no monitoring results. An MPA performance assessment and monitoring plan has been developed in draft form. This covers both biological and management aspects.

### 5.1.3 OUTPUT 3

**An environmental education program and conservation awareness activities are imparting marine conservation values and resource management skills to students in formal and informal settings (elementary, primary and secondary schools, vocational schools, church schools).**

**Indicator: Communities understanding of environmental and social sustainability is enhanced.**

Nothing has been done in the way of development of materials for some time, reportedly because of difficulties in contracting out the education material production and translation and planning material. Project staff were fully engaged with the vocational secondary curriculum and faced difficulty in contracting out work as proposed in the Prodoc. After a period of non-operation the local radio station became available as a medium for the dissemination of Project information only in 2005. Translation and radio scripts were contracted out but the quality of the work produced was not good. The Communication Officer came on board in 2003 and assisted the Education coordinator in developing the secondary vocational curriculum. However, CI moved him to their Port Moresby office in late 2004 and the Project's communication plan was not completed. Upon his return to the Project in early 2006, he was tasked with establishing the Project-supported Church Development Fund. Meanwhile a new Communication Officer was employed, with strong skills in graphic arts. His work has focused on the Marketing and Promotion work of the Project.

A series of easy-to-understand brochures (in English and three local languages) on various marine species was produced or finalised early during the Project. Except for two issues of the glossy Wasa Magazine, which were a combination of information and promotional materials, apparently little or nothing was generated through the Project after 2004. The evaluators believe that a series of low cost brochures that avoid the use of expensive coloured illustrations could have had a big impact at low cost and that there was sufficient talent among Project staff to have done this. Several large display panels were produced overseas by the Project. Cheaper productions, printed in PNG rather than sent to Australia, as in this case, would have been more appropriate. It is of concern that of the several donors that fund the Project, the logo of only one of these, Conservation International, appears on these panels.

Feedback from communities is not being monitored or noted as closely as it should be. Only one community engagement evaluation with forty selected individuals from Zone 1 was sighted. Their responses were predominantly supportive of the Project. The evaluators have the impression that there has been much more feedback, much of it positive, but that it just has not been documented. A more systematic approach to monitoring and evaluation is needed.

**Indicator: Conservation curricula developed and integrated into existing school curricula by Years 3 & 5.** (Elementary (G 0-2): 180 schools; Primary (G 3-8): 175 schools; Secondary (G 9-12): 7 schools; and Vocational: (G 9-12) 8 schools).

No work was done with elementary classes though Project presentations were made to elementary classes in target community schools on every VET patrol.

Accessibility was the primary determinant of schools selected as target primary schools for curriculum work. All these schools can be reached by road or on a day trip. The Project worked with 23 schools in total. A number of primary schools in the islands where communities are engaged in the establishment of CMMAs were visited as part of the responsibilities of VET patrols. Schools of the Misima cluster were engaged as a one-off assistance item in collaboration with the Division of Education as part of teachers' in-service training at the request of the Louisiade District Education Schools Inspector. The Project officer who undertook this task used the opportunity to undertake Project awareness activities and coast care work.

A vocational teaching in service workshop in October 2005 involved fifty teachers from four of the Province's eight vocational secondary and technical high schools. National Education department teacher trainers acted as facilitators together with the Project officer. This activity was focused on preparation for the Kaiaro curriculum.

**Indicator: Conservation education materials are developed and distributed to educators in targeted sites** (all Zones) by Years 3 & 5: (Elementary: 60 educators in 20 schools; Primary: 150 educators in 25 schools; Secondary: 50 educators in 6 schools; and Vocational: 20 educators in 7 schools).

No evidence of work on elementary curriculum development was seen by the evaluation team. "Below the surface", a 26 page teachers manual containing activities on a coral reefs theme targeting grade 3 -5 in primary schools was produced by CI-Melanesia in 2001 during the PDF-B period but not trialled. The Project was then tasked to trial this material in Milne Bay schools. This has been integrated into the national education curriculum as additional topics within core subjects.

'Fishing for the Future', a marine conservation and resource management vocational syllabus, was produced by the Project in conjunction with the National Education department and trialled by the Project. This is a high quality product of the Project that has been accepted for inclusion into the national curriculum. The syllabus is now used by five of the seven vocational/secondary high schools in Milne Bay. The Project also trialled UNESCO marine modules provided through SPREP. The Project complemented both 'Below the Surface' and 'Fishing for the Future' by providing teachers with additional knowledge to better comprehend marine concepts. Other material distributed through the Project to primary schools included a document on aquatic knowledge and fishing practices in Melanesia, prepared by UPNG.

Twenty three schools trialled 'Fishing for the Future.' This syllabus went through the National Education curriculum process<sup>48</sup> and, along with teacher in-service training, was trialled at Kaiaro Vocational High School, the only school with teachers qualified to do this. Over thirty-five teachers are said to have attended the associated in-service workshops. These interventions took place during the early stages of the Project. The CTA pointed out to the evaluators that the absence of further work in this area (production of environment resource materials and teacher in-service training) is a function of the Division of Education, that the Project can only help when requested by the Division, and that such requests have not been received.

The "Teachers on Board" programme, an initiative introduced through the Inception Report in response to a need articulated by the provincial government at that time. However it was not acted upon.

The team notes no materials development additional to the 'Below the Surface' syllabus, although according to the Inception Report teachers' tools kits were to be developed. After Inception, three in-service workshops were conducted for teachers to teach this curriculum in schools and the syllabus was trialled at twenty-three schools in Zone 1. Teachers visit the Project office from time to time to talk and to pick up posters and ADB-produced materials.<sup>49</sup> The evaluation team was not able to visit all schools but teachers from the three schools visited expressed their appreciation of the syllabus.

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<sup>48</sup> The national curriculum process begins when interested organisations approach and involve the National Education Curriculum board to amend and modify curriculum when there is a gap in the National Education syllabus. After trialling the curriculum, adaptations are made and then introduced in the Curriculum board for approval.

<sup>49</sup> The PNG Coastal Fisheries Management and Development Project, funded by the ADB, is active in Milne Bay and is party to a formal agreement with the Project. Its network is a useful tool for the dissemination of such materials.

The overall success of imparting a conservation message to children depends very much on the teachers' abilities and motivation. The team notes the absence of any monitoring and evaluation to allow any estimate of the impact that this curriculum is having on the students, although such impacts are very hard to determine in practice. At one school the planting of mangroves and the construction of a fish pond demonstrated practical application of the curriculum, encouraged by Project staff. Further in-service intervention is needed, such as 'teach the teachers' sessions to strengthen the teachers' understanding of concepts and materials. There is also a need for greater coordination between the Provincial Education Department and the Project.

**Indicator: Ten church groups in targeted sites are utilizing developed teaching aids and resource materials by Year 5.**

The Project is said to have tried to cooperate with various churches, but with little progress up to 2003. Successful collaboration was reported when the Project worked with the Pastor's Fraternal on the World Environment Day in 2004. The pastors requested Project support and collaboration to help them establish a Milne Bay Church Development Fund Association (CDFA). The CDFA was intended as a pilot project to test the possibility that all churches could cooperate together to support sustainable resource use as part of their message in the communities.

This initiative has stalled. A proposed church curriculum on Christian Environmental Stewardship, and associated activities on water supply and sanitation, has been frustrated, full payment (contractually obligated) to the Church Development Fund Association of its CI grant so that its Project Officer can begin substantive work having been delayed. The CDFA contracted this Project Officer, he resigned from his University post and now the Fund is facing difficulty in paying him because of the shortfall in funding from the Project.<sup>50</sup>

The evaluation team has some doubts about the attempt to create a new entity whose functions were already being carried out by individual churches. The Uniting Church, for instance, is already actively installing water pumps for Milne Bay communities. The Chairman of the CDFA points to its value in uniting sixteen churches and that merely getting collaboration among churches on environmental matters was a positive outcome. The evaluators can agree with this last point but still doubt the wisdom of the Project's approach.

**Indicator: You Lukim PNG and other at least two other promotional events are supported by the Project.**

The Project produced marketing and promotion brochures as an integral element of its support for the development of nature-based tourism, this being consistent with the Project's overall biodiversity conservation theme. Support was provided for the Tourism Bureau's 'Lukim PNG Nau' and Canoe Festival, considered by Project management as appropriate vehicles for the promotion of village-based tourism. Display panels were also produced. In 2005, the Project was a major sponsor of the Huhu Cultural Exhibition. This was an entirely community-run event held within a village. It attracted hundreds of spectators and participants. It showcased traditional fishing and agricultural techniques, housing designs and performances, and is now entering its second year of operation.

The Project needs to remain focused on community based tourism, and particularly tourism that is based on biodiversity protection, rather than general promotion of tourism.

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<sup>50</sup> This may have been resolved after the evaluation team left Milne Bay.

<sup>52</sup> MARINET consists of a web based network of NGOs involved in marine and coastal activities working around the world.

**Indicator: Communication strategy and regular media and interpretive material established by Year 2.**

The Prodoc raises the subject of communicating results to communities in these words: 'For effectiveness in dissemination and understanding of Project messages for communication, awareness and field implementation activities, in particular training and planning, the Project will need to translate selected documents into several local vernacular languages across the Milne Bay area. This is to adapt training materials so that villagers can gain a more precise understanding of Project training, manuals and planning documents and the information/concepts that they contain. This will reinforce traditional values and existing resource management terminology within the village through local language expression.'

The evaluators agree with the points made above but they also note a high level of understanding of English in Milne Bay communities. The idea of translation into local languages is to be commended, but with a caution. Incorrect messages can inadvertently be transmitted where translators struggle with a technical English term that they do not fully understand. Preparing simple English versions and then having them translated and cross-checked requires a great deal of time and slows down production. The major need for change in this Project is to prepare documents in a form of English that is readily understood. Project documentary outputs are overwhelmingly technical in style. Of particular concern is the overly sophisticated English used on flipcharts that are fundamental to the community work of the VETs. These are phrased in esoteric biodiversity protection terms that do not relate in any way to the circumstances in which these communities live and they fail to convey the basic message that this Project is supposed to be putting across. This was obvious to the VETS. They suggested re-wording but said they were rebuffed by the CTA.

The departure of the first Communication officer after only a few months on the job meant that work on a communication strategy stalled. A draft communication plan sighted by the evaluators needs further work.

**Indicator: Improved waste disposal, sanitation and other amenities in target villages by Year 5.**

This was presented as a task under Output 4 of the Prodoc, in the form of a contract. In the Inception Report it was expanded to include 'coast care' work. Resources were increased by diverting staff and funds from the original solid waste component to allow for a more integrated and participatory approach. Coast care programs are low cost and the view of Project management is that this is an effective, tangible tool for engaging communities to look after their coastal and marine environments in a more sustainable manner. With this last point, the evaluators agree.

Natural seawall barriers that are designed for coastal erosion are made from local materials at no cash cost. They are small scale and are not expected to affect the adjacent shoreline. They are not designed to act as a solid barrier like concrete seawalls but are used to minimize the effect of wave action on eroded shorelines and to promote revegetation. The evaluators inspected an example at Lelehubi and agree that this activity is appropriate.

Sanitation and other amenities were originally planned as part of 'Conservation Incentive Agreements' that were subsequently 'shelved'. They were planned particularly for the smaller CMMA where these issues were perceived problems; problems that impacted on the resource owners' ability to manage the CMMA (i.e. no reliable water supply). Plans included water supply (a bore or tank) and basic toilet facilities.

After an initial period of disinterest the community of East Cape, an area recommended in the GEF Project Brief as a priority, has recently signed an agreement with the Project. Funding for demonstration sanitation infrastructure and for waste management is to be processed through the

Project-supported Church Development Fund. Similar demonstrations have been established at Lelehu. These interventions address a problem of over-water toilets and sea disposal of rubbish that jeopardise community health and also have a negative impact on biological resources and on biodiversity.

This 'coast care' role would be better placed with the Community Development and Livelihood.

**Indicator: Lessons are documented on an annual basis and are communicated and exchanged in all forums (Community Networks, MARINENET, and regional and international conferences) by end of Year 5.**

The MARINENET<sup>52</sup> and LMMA<sup>53</sup> networks have been used by Project staff to disseminate some of the lessons learned through the Project. The downside is that there has been little attention paid to local communication of lessons in easy-to-understand materials appropriate for MBPG and community levels. Lessons learned have also been communicated through workshops and conferences within and outside the country and this is commendable. However, it was made evident to the evaluators by staff that their morale has suffered from what some see as irrational decisions by Project management to disallow their participation in some other opportunities to communicate lessons.

#### 5.1.4 OUTPUT 4

##### **Conservation objectives are overlaid into land use strategies on densely populated small islands.**

The background to this Output can be explained in terms of sustainable livelihoods in small and vulnerable islands. The Community Livelihood and Development (CLD) element of the Project is primarily concerned with promoting sustainable resource management and livelihood systems through targeted initiatives aimed at improving social and economic welfare and alleviating poverty. In particular it is aimed at developing livelihood options that lead to a reduction of pressure on the resources of marine ecosystems. Its components are: Livelihood Development & Support; Sustainable Land Use & Management; Sustainable Fisheries Management; Community Based Tourism Development; and Women & Youth Development.

The Australian National University is contributing to Project objectives through its 'Small islands in Peril' (SMIP) programme. A SMIP is defined as an island, which has less than 100 km<sup>2</sup> of cultivable land, and a population density exceeding 100 per km<sup>2</sup> of cultivable land. Land availability and food security are the most important future constraints to sustainable economic development of the Milne Bay island communities. Population growth and competing land resource usage place increasing pressure on shifting cultivation beyond ecological sustainability. This transition period is generally marked by declining crop diversity, erosion of traditional knowledge in resource management and agriculture, increased workload for women as gardens are pushed further from villages and productivity declines, and a worsening nutrition situation.

The Land Use and Nutrition Program addresses problematic areas in a holistic manner, incorporating work on sustainable gardening, general land resource conservation, and family nutrition. The intention is to get people to use their renewable resources more rationally and to improve their standard of living and level of well-being. This way, self-sufficiency is increased and there is a better chance that these resources will still be available in the long term.

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<sup>53</sup> LMMA is the Local Marine Managed Area network which is again a web based network involved with community based marine managed area. Membership covers the Pacific area.

In some parts of Milne Bay Province, such as the Samarai-Murua District, food security is particularly vulnerable to the climatic extremes of drought and cyclones, but especially susceptible to drought. All islands in this District have experienced one complete crop failure in every decade since the 1870s. This failure of crops contributes to increased pressure on marine resources. Poor gardens combined with poor resource management lead to decreased production affecting both food security and community wealth.

Under the Sustainable Land Use and Nutrition Program each community is to explore and understand its own subsistence land use system, with links to the use of the marine environment. Assisting them through such an active self-analysis process, in order to understand the origin of the problems and issues they currently face, is important if they are to take the next step of actively seeking improvements or solutions to their problems.

The primary objective is to develop and demonstrate systems of food and cash crop production that will maintain soil fertility and sustain yields. This entails the establishment of trial programmes and research and extension linkages to encourage the uptake of innovations by farmers.

**Indicator: Farming families on islands are engaged in sustainable agricultural activities by Year 4.**

This is an amended indicator title (the original specified numbers of families and islands). The summary points that the evaluators wish to make about the agricultural support intervention are that it is of good quality, that the approach being used in Nuakata (visited by the evaluators) is appropriate, that the communities appear to be receptive and that the interventions chosen should result in improved livelihoods. Having said that, it is noted that the uptake of new ideas, simple though they may be, can only be tested for sustainability in the longer term. The evaluators note the Project's engagement with the Provincial agricultural department, boosting its capacity to conduct extension work in the areas that are the Project's focus and they regard this as a good example of the support for Provincial agencies that is so lacking elsewhere in the Project.

**Indicator: Net improvements in economic status and relative wealth in four communities by year 5.**

This would be a worthy target for a Project equipped with the time and resources needed to make this a meaningful indicator. However it is unrealistic for this Project. Even had there been a basic socio-economic survey done at the first opportunity (second half of 2004), by the end of the Project, the elapsed time would be quite inadequate for a meaningful re-survey. Some data has been obtained and this is potentially very useful for any follow up to this Project, or to a similar project.

**Indicator: All PNG Dive Association affiliated dive operators are in full compliance with the dive fee system and are engaged in fee adjustment negotiations by Year 2.**

A workshop was organised by the Project to introduce a new system of dive fees to replace a simple system that was being administered through the Milne Bay Tourism Bureau (MBTB). The old system of dive fees collection through the Bureau is no longer in operation. At the MBTB the evaluators were told that all dive-fee records are with the Project. Project staff say they were 'tasked to manage dive fees for a period in 2004, to assist the MBTB, but that they had difficulty in getting the MBTB to disclose all its dive fee information.' This role is said to have since been handed back to the MBTB to manage in its entirety (around April 2005) and that all dive fee files are currently kept there.

Similarly, there are differences of opinion between the Project and the MBTB regarding the new system that was developed through Project support and agreed upon by the industry and by

‘resource owners’. Only recently implemented, it is said by Project staff that commitments promised by the MBTB to assist in progressing this (i.e. redistribution of uncollected money held by the MBTB in trust) have yet to be honoured.

There is further discussion of the tourism support element of the Project, below.

**Indicator: Improved community health and hygiene in five island communities by year 5.**

There certainly have been community health and hygiene interventions in several island communities but this unquantified ‘indicator’ does not provide a basis for estimating the effectiveness of these interventions.

**Indicator: Monetary benefits from tourism equitably distributed to clans and resource owners.**

Since the dive fees mechanism is reportedly not functioning and few target communities have access to tourism-derived income as yet the matter of equitable distribution is largely academic at this stage. The genealogical studies reported on earlier are relevant in that they are viewed as a basis for equitable distribution - though the evaluators are not clear on whether ‘equity’ is under consideration only for named members of a sub-clan or whether the target group for equitable distribution of benefits also includes individuals who have a proven right of association under custom with the sub-clan and, so, have rights to access that sub-clan’s resources. The question is: do they therefore have a right to benefit from payments by others for the use of those resources? This matter needs to be clarified as experience elsewhere has shown that social disharmony can arise in Melanesian communities under these circumstances.

**Indicator: Improvements in women and youth participating in community and livelihood activities and leadership.**

Considerable activity has been undertaken following on the introduction of this form of activity in the course of Inception Report changes to the Project. With no benchmarks against which progress might be measured, this is yet another unusable ‘indicator’.

Among other things the Project has developed “women & youth in agriculture & business” programmes, has drawn attention to the disabled, set up fisheries, tourism and agriculture programmes that are presented as open to all members of the respective communities. The Project also claims to have ‘ensured that micro-credit is available to anyone that needs it.’ The evaluators cannot see how the Project can *ensure* this!

Other matters relating to Output 4

Tourism has been a difficult area for the Project. The evaluators have been assailed with troubling reports indicative of major personality clashes that have made it very difficult to make progress in this area. The Prodoc and Inception Report intentions clearly were to strengthen the Province by supporting existing arrangements. In the event, as the difficulties of implementation increased, more of the tourism promotion work was assumed directly by the Project. Eventually, with MBPG concurrence, it was all handled in-house (the Project office).

The Project view<sup>54</sup> is that

‘... the Tourism Bureau received far more training, support and inputs than any other division of the MBPG, so it is in fact a pity that’ ... ‘advantage of these inputs to strengthen their own capacity ...’ was not taken – ‘but that was out of the Project’s control. For example, the Bureau manager received training and was supported in the

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<sup>54</sup> From the Project submission to the evaluators in response to the Interim Report prepared by the evaluators.

development of funding proposals, but was unable to capitalise on these skills and resources to produce anything of real value or consequence. It was this inability to perform that eventually led the Governor and the Planning Section<sup>55</sup> to request that the Project handle many specific activities in-house. These requests were made in order to ensure that critically important issues could be finalised after years of procrastination, such as the development of a nature-based tourism strategy, setting up of a village tourism association and the overhaul of the dive-fee user system. The Project agreed, as long as they fitted in with the Project's goal of strengthening community-based tourism development.'

Strongly worded comments were presented to the evaluators in both written and verbal form from individuals outside the Project who felt that nationals had been shamed and disempowered by Project action in assuming this tourism promotion role. The evaluators are not in a position to reach a conclusion on this matter, as some expect, or even to provide an overall analysis of the confused situation. This is an important aspect of the Project and, whatever the rights and wrongs, it continues to tarnish the Project image.

### Options papers

The options papers shown to the evaluators were inappropriately technical in content and style. The Project response<sup>56</sup> to this criticism includes:

'The presentations (at Nuakata) were more participative and simple, and therefore more suited to community needs and capacity & group discussions). This improvement in methodology was partly 'adaptive management', i.e. responding to feedback from community, but was also a staff capacity building exercise. Thus, some staff needed to learn by experience what works and what doesn't work in community development. This 'learning by doing' exercise was seen as critical in order to embed participatory methodology in the team.'

If that really is the fundamental thinking of the field staff, then the evaluators can be hopeful that the reported direction from Project management to produce 'heavy' technical reports can be overcome.

### Conservation incentives

The local socio-economic context needs to be considered when discussing the use of support or incentive mechanisms to aid the establishment of CMMAs. The Project operates in the context of communities that are heavily dependent on marine resources for subsistence needs, and also for cash income, particularly bêche-de-mer and shark-finning. Few, if any, of these island communities can hope to gain as much monetary return from conservation as they can from these industries. The livelihood support and development interventions need to be understood in this light.

CI has strongly promoted the idea of conservation 'incentives' and this has been a point of contention with some Project staff from the outset. Indeed it is reported that CI almost de-railed the Project right at its beginning when it took a party of headquarters staff and representatives of potential funding organisations in a chartered luxury vessel to some of the target islands. The distorted local perception resulting from this incursion and the reported infrastructure 'wish lists' compiled at the time created a situation that has still not been fully overcome.

The Project now works with a 'support' policy that it presents as carefully avoiding the idea of 'incentives'. This support can include infrastructure to improve water supply, health and

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<sup>55</sup> of the MBPG Corporate Services Directorate

<sup>56</sup> From the Project submission to the evaluators in response to the Interim Report prepared by the evaluators.

<sup>59</sup> From the Project submission to the evaluators in response to the Interim Report prepared by the evaluators

sanitation, logistical support in the form of dinghies for used in CMMA management, and human resource support through low-level wages for part-time CMMA operational staff. This is easier said than done; when is support not an incentive, and how sustainable is such intervention?

Priority areas for the CLD team have been to improve sustainability of resource use, maintain or improve food security, and develop income generation opportunities. In terms of Project outcomes these activities are meant to help take pressure off reefs, and also compensate communities for reductions in fishing areas where no-take zones are part of a management plan.

Senior Project staff have said that 'CLD activities are seen as an indirect way of giving incentives for conservation.' So, that word 'incentives' hasn't died but just been redefined? An example was cited for the evaluators:<sup>59</sup>

'The Village Development Trust (VDT) conservation project near Lae, set up a Wildlife Management Area (WMA). Here, the Zia tribe agreed to ban logging and mining companies from their land, to abide by an eco-forestry management plan drawn up by VDT and to equitably share all proceeds from the sale of timber throughout the whole community. This was in exchange for three portable sawmills, a boat to get their sawn timber to market, volunteer staff and training in ecological forest management through the incentive agreement with trade-offs. VDT works with partner organisations to demonstrate to villagers and others the environmental and economic benefits of an integrated approach to the issues of development and conservation.'

Project staff in Alotau see this as an effective approach to the linking of their CLD with incentives. They compare the Zia example with a WMA project in PNG's Trans-Fly, which does not offer any incentives for conservation. The Trans-Fly approach is science-based conservation with no CLD component and local people are said not to be enthusiastic about the Project as they perceive a lack of benefits returning to community in return for relinquishing access to traditional lands.

These points, and the examples reported, are noted by the evaluators who will not be drawn into reaching conclusions, but merely raise the question that must always be under consideration in this sort of work: are these positive outcomes sustainable in the long-term?

## 5.2 Biodiversity conservation

The GEF view of the anticipated ultimate outcome of this Project is of a significant portion of the important 'coral triangle' biodiversity region being under a form of strengthened community-based management with provision for sustainable resource use. Circumstances in Milne Bay are such that this can be achieved only through an incremental approach to conservation in which the establishment of each CMMA is a step towards the ultimate objective. The 'driver' for this process is the individual community. From a purely ecological perspective the logic may be elusive. Gradually, however, meaningful 'source-sink' relationships will become evident, 'connectivity' will be demonstrated and opportunities to establish 'corridors' will emerge. Superimposed on this growing aggregation of areas under conservation management will be practical strategies to foster the conservation of endangered species such as turtles and dugong.

Questions relevant to the Biodiversity Focal Area of GEF were posed for the evaluators to address. These, with responses, are:

*How has the Project contributed to establishment or extension of Marine Protected Areas and to improving their management and sustainability – and to what extent can this be measured and quantified?*

The Project's contribution is the development and testing of a community entry process and the use of this to engage and inform communities that under customary law collectively 'own' and manage marine and coastal areas. Several of these communities are now near a point at which their areas can be placed formally under a protection regime that also provides for some

sustainable resource use. Other communities are expected to follow. Improved ideas for management have been introduced but testing of the extent of success in this area awaits the finalisation and establishment of the legislative regime (also being developed by the Project) under which these areas are to be managed. Progress to date can be measured only in terms of numbers of communities engaged and/or committed. A more sophisticated set of indicators is needed to measure and quantify management success and conservation values, and some work has been done on this.

*How has the Project contributed to conserve and ensure sustainable use of biological resources in the production environment (landscape and seascape)?*

A key element of the Project is work on livelihood development and support for the communities working towards establishing marine protected areas. This includes training and the introduction of skills and ideas to foster more efficient use of land resources and to establish small businesses, so as to ease impacts on the marine environment. Fish aggregation devices are being trialled to reduce fishing impacts on reef ecosystems. Another intervention has been the identification of fish spawning sites to provide protection for those sites under the proposed formal management regimes.

*How has the Project contributed to improve the enabling environment through effective policies, institutional capacity building, increased public awareness, appropriate stakeholder involvement, promoting conservation and sustainable use research, leveraging resources and providing incentives for conservation?*

The Project has investigated legal and administrative options that might support community base management and has put forward a set of proposals to government authorities. There has been a discernible shift in government policy regarding commercial exploitation of marine resources such as bêche-de-mer and live reef fish and the Project can rightfully claim credit for this. Conservation concepts have been introduced into schools (i.e. improving the knowledge of future key community 'resource owners') and into the Provincial development plan. This, for the first time, includes marine management goals.

*What is the Project contribution to replication or scaling up of innovative practices or mechanisms that support the Project objectives?*

The Project's delayed start and, then, a massive overrun of spending arising from a lack of financial discipline, has meant that the field activities in total have run for only about three years. This means that results have yet to reach a stage at which any Project inspired practices or mechanisms can be said to be replicable. There is potential for the community based engagement process and the proposed co-management model to be replicable with little adaptation to other Melanesian countries. There is potential for these also to be adapted for application in other countries that have some form of resource management under customary law.

*To what extent has the Project contributed to the improved conservation of biodiversity including globally significant biodiversity and to what extent can this be measured?*

This contribution is still largely 'in the making', through the community based management model being developed. Meanwhile, some improvements can be claimed through turtle and dugong management strategies developed on the basis of surveys conducted by the Project and supported by awareness raising activities among communities where these species are found.

### 5.3 GEF Strategic Priority

The evaluators were asked to assess whether the Project falls primarily within GEF Strategic Priorities (SPs) 1 or 2. The Project was designed prior to the current SPs and contains elements of both SP1 'Catalyzing the sustainability of Protected Area Systems' and SP2 'Mainstreaming

biodiversity conservation into productive sectors and landscapes'. Having studied the relevant UNDP GEF Advisory Notes the evaluators are of the opinion that this project is best categorised as SP2. Although it is working towards a 'system' such as is the focus of SP1 support, this does not yet exist; it is more likely an (unplanned) outcome of the Project. This Project fits perfectly one of the criteria for SP2: 'There is a terrestrial or marine area that is not under some form of protection at present or likely to be in the future and has globally important biodiversity under threat from economic activities.'<sup>60</sup>

#### 5.4 Communities and community engagement

The GEF Brief had properly identified social criteria for the selection of communities for engagement in the Project. It may, however, have been over-ambitious in respect of the level of investment interest and capacity envisaged:

- Community commitment, as evidenced by participation levels, willingness to contribute in the absence of immediate rewards, willingness to undertake enterprises financed by loans as opposed to grants, and other *quasi* concrete indicators.
- Evidence of support from a broad spectrum of society, e.g. different clans/churches/language groups (if applicable), women, youth, etc.
- Manageable levels of internal community conflict.
- Availability of private sector investment.
- Commercial viability of enterprise options.
- Demonstration value: chances that successful outcomes can be replicated.

As outlined in the Prodoc, the Community Engagement Process<sup>61</sup> aimed at developing partnerships between the Project and the communities that have an interest in managing their resources and conserving their marine environment. It envisaged that the Project would 'require an extensive investment in local-level capacity building, building upon the existing knowledge and capabilities of communities. The Village Engagement Teams (VETs) were envisaged as the Project vehicle for community engagement and to facilitate this process.'

The Prodoc emphasised that the Project would 'not in itself be conservation driven; VETs will focus on self-reliance, countering any misguided expectations, and laying groundwork for the communities to become conscious of how much their livelihoods depend on the management and sustained biodiversity of their marine environment. ...Within the community engagement philosophy it is regarded as essential that people take control of their community and their destinies.'

A three year Community Engagement programme was designed and implemented in Phase 1 as a first step to gaining resource owners' support for and commitment to establishing MPAs. The evaluators' TOR specifically tasked them with making 'an assessment of the community entry approach, mechanisms for consultations, and participation processes.'

A seven-step process for community engagement is used by the Project: Establishing contact and building relationships with customary owners; Raising awareness of marine resource use and conservation issues; Identifying issues and problems facing individual communities; Analysing issues and establishing priorities; Identifying options and negotiating solutions; Coming to agreement; and, lastly jointly acting on the agreement.

The process takes communities through a set of activities that help develop their potential to organize activities to facilitate community development and well-being and sustainable use of resources for secure livelihoods. This approach was developed using lessons learned from previous UNDP/GEF activities in PNG. It encompasses various community entry and development activities aimed at introducing sustainable agriculture, nutrition and livelihood

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<sup>60</sup> UNDP GEF Biodiversity Advisory Note. GEF Biodiversity Strategic Priority 2 (BD2). March 2005.

<sup>61</sup> Prodoc TOR for VETs.

enhancement, health and water supply, resource economics and micro-finance, transport, solid waste management, fisheries, aquaculture, and nature based tourism development initiatives.

The VET engagement with communities began early. In mid-2004 a Training Needs Assessment was conducted. Based on its findings further training was given in skills needed to advance to later steps in the process, 2005-06. This was unquestionably appropriate - to a point. They have been trained to use computers, trained in leadership, diving, small-boat handling & safety training, first aid, basic tourism, and sustainable land-use. Some of this training was designed to lead to Australian accreditation so as to boost the careers of VETs not only through experience but also through paper qualifications. It would be a big achievement if both Project needs and accredited qualifications could be achieved at the same time. Not having had the time to look at this matter in detail, but having heard doubts expressed by VETs who went through courses given by the agency contracted by the Project, Milne Bay Education, this approach needs more consideration.

Indeed, the stage has been reached when the whole approach to VETs needs to be reconsidered, including matters such as selection criteria and management of VET teams in the field. The Project CTA identified the cost of VET patrols as being a major item. This, to the evaluators, is something of a surprise. Can a more efficient strategy for VET work be developed? Fortunately some within the Project are giving some consideration to this matter and have reported success with an alternative approach where a single multi-skilled VET has worked for an extended period with a community.

### 5.5 Capacity building

Although the evaluators have some questions about the overall value and effectiveness of training provided through Education Milne Bay (EMB), it is acknowledged that the Project has made some efforts to improve the capacity of Papua New Guineans to better manage MPAs through formal training and workshops. A comprehensive training needs assessment was carried out in late 2004/early 2005 and a 3-year training assistance programme was developed for CI project staff (technical and VETs), the provincial government and communities within Zone 1.<sup>62</sup> The planned programme was very expensive and was not completed, apparently due to the financial shortfall of late 2005. In particular, there has been no community-level training. Much of what has been carried out (or is still committed for late 2006) is not specific to community MPA management needs but rather tries to develop broad general management skills which could be useful for MPA management. As the summary below<sup>63</sup> shows, the non-management training has been heavily oriented to GIS/mapping techniques:

- The Project supported eight Project staff for a 5-day course in principles and dynamics of marine protected areas in New Zealand, one for a 10-week course in community based conservation in Fiji, three for a 1-week locally managed marine areas workshop in PNG, one for a 1-week workshop on community development in Madang, one for 2 weeks of training in Port Moresby on MapInfo GIS software, 15 staff plus 12 VETS for 2 weeks of practical mapping and survey techniques, five staff for 5 days of basic GIS techniques, 17 VETs for 6 weeks of workplace training, and one staff member for 2 weeks of training in environmental economics at Stanford University in the USA.
- One MBPG staff member received 8 months of training in Port Moresby for a diploma in computing & management information systems, one attended the Madang workshop on community development, three received finance for a 12-week UPNG management course, two attended the introductory course on GIS, and six took part in the practical training on mapping and survey techniques. Forty provincial public servants (and 15 others) are scheduled to receive certificate and diploma level 'Front Line Management' training by EMB in late 2006.

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<sup>62</sup> This is described in Education Milne Bay, 2005.

<sup>63</sup> This is based on a summary training table provided by the Project staff in July 2006.

## 6. Management by the UNDP Country Office

### 6.1 Overview

The UNDP CO has not been consistently diligent in its management of the Project. CO staff turnover has not been helpful. As noted above, senior staff of the CO (since departed from PNG) put pressure on CI and the Project staff to increase spending as soon as the CTA was appointed. In the absence of strong CI execution and oversight, this contributed strongly to the perception within the Project that rapid expenditure in itself was an indicator of success. However, the biggest weakness was the failure of UNDP to ensure that some form of regular and effective monitoring and evaluation occurred (with follow-up action on any issues identified), whether through a Tripartite Review (TPR) process, a strong national Project Steering Committee, or some less formal mechanism.

### 6.2 UNDP's Assessment of CI's Management Capacity

UNDP commissioned an NGO Capacity Assessment of CI, conducted in September 2001, to clarify management arrangements to ensure that sufficient capacity was in place for satisfactory project execution. The Prodoc specified that there should be follow-up capacity assessments of CI at the end of years 2 and 5 of phase 1 'to assess CI progress in fulfilling the recommendations of the initial Capacity Assessment Report, and Project progress in building the Milne Bay Provincial Government's capacities to take over the execution role. The key areas of concern expressed by UNDP in 2001, CI's response on how it would address the concerns, and the status of the issues in 2006 are summarised in Annex 9. Some of the concerns identified at the Project's initiation remain today: concern over capacity building of the MBPG, lack of a finalised CI Operations Manual, lack of clear separation of CI and project budget and staffing in Alotau, and lack of adequate budget control system. There has been no follow-up capacity assessment, meaning another opportunity to identify execution problems was missed.

### 6.3 UNDP's capacity assessment of MBPG

In June 2006, UNDP engaged PricewaterhouseCoopers (PWC) to undertake a 'Milne Bay Province Micro Capacity Assessment' to assess the extent to which the provincial government could handle the management of a possible phase 2 of the Project under national execution (NEX). Unfortunately, the assessment covered only financial management issues. Effective NEX execution will require broad management skills within the MBPG. It would have been preferable for the assessment to cover overall MBPG management capacity, staffing structure, assessment of available physical space, governance issues, etc. to allow an appropriate design for an effective NEX approach in Milne Bay. It is surprising that this was not arranged considering that a 2002 UNDP/CI review of the capacity of the MBPG<sup>65</sup> looked at 'three critical areas, organisational maintenance, or keep the internal workings running smoothly, organisational representation, or interacting with external environment and organisational planning or dealing with future needs' and concluded that the MBPG 'lacked the capacity to prepare, implement, monitor and manage development plans.'

### 6.4 Independent audit reports

UNDP has arranged annual project financial audits<sup>66</sup> by PricewaterhouseCoopers for funds provided by UNDP but not CI's parallel financing. The PWC assessments of project progress

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<sup>65</sup> This is Annex 1.5 of the Prodoc: Project Sustainability and Provincial Capacity Benchmarks.

<sup>66</sup> The evaluation team has seen the 2004 audit (i.e. for 2004) and a draft 2005 audit (dated May 2006) but is not aware of any audit for 2003. The evaluation team comments refer to the latest draft report.

have not been particularly useful or analytical, apparently primarily echoing the Project's own reports. PWC states that 'the program activities carried out to-date are within the scope of the workplan and are on target to be accomplished by the end of phase 1', a conclusion seriously at odds with the findings of this evaluation. The management letter does note that 'it appears that the executing agency has not performed well to meet its reporting arrangements and responsibilities under the standard UNDP/GEF monitoring and evaluation requirements.' Some key observations from the audit report are summarised in Table 4 below:

**Table 4: Observations and Recommendations from May 2006 Draft Audit Report**

Observation & implication	Recommendation	Evaluation team comments
A draft fixed asset register is incomplete and may be inaccurate	A full physical verification is needed	In progress but not completed
CI has not been providing quarterly financial reports in time specified by UNDP; may slow provision of funds	Project staff should be trained in CI's Oracle system and with transactions entered at Project site	Has not occurred, although CI did offer training to a previous project financial administrator in 2004
No formal policy for assuring supplier invoices are correct; Project staff prepare & verify own expense claims	Project management should not be allowed to both request & approve expenditures (especially personal expense claims)	Apparently still no formal policy for assuring correct supplier invoices
CI Operations Manual not finalised so rules & procedures may be unclear	Draft should be finalised	Not yet done, with current draft apparently dated 2002
Project financial records dispersed across 4 locations (Alotau, CI POM, CI Washington & KPMG POM), contributing to delays.	Consider maintaining all records in Alotau, copied elsewhere as needed	Not done. (CI says US law requires originals to be kept in Washington)
CI in cash & kind yet to be finalised so accurate record of total project expenditure impossible	CI should quantify parallel financing quarterly	Apparently CI has now provided records through quarter 1 of 2006

The audit report lists twenty issues reported in prior audits and the status in addressing these. Most of these have reportedly been addressed in full or part: adhering to quotation requirements for supplies, maintaining sufficient cash on hand, improving contractor ordering process, establishing procedures for approval of expenditure, provision of parallel finance reports, establishment of fixed asset inventory, and several others. Some remain unresolved: a single bank account in Alotau for Project and other CI expenditures, finalisation of CI Operations Manual, and records of Project expenditures incurred in the USA. The CI Operations Manual should have been finalised long ago.<sup>67</sup> In its absence, financial management was to be undertaken in strict accordance with the operational guidelines provided for GEF/UNDP projects. This has not happened.<sup>68</sup> Overall, UNDP has been diligent in following up on the audit recommendations.

## 7. Monitoring and Evaluation

### 7.1 Provisions for Review

Both the Prodoc and Inception Report specify an annual Tripartite Review (TPR). However, since TPRs are often ineffective they are now no longer required by UNDP. Other mechanisms are preferred, particularly national project steering committees (PSC), together with regular CO field visits to Project sites to validate and rigorously analyse the results and progress reported by Project personnel.<sup>69</sup> It seems that, for this project, the national PSC was meant to perform the

<sup>67</sup> The copy seen in Alotau is the first draft of May 2002 although a more recent version may be available.

<sup>68</sup> The CI Port Moresby office does not consider this to be an issue: 'All staff employed on contracts; compliance issues and travel are being implemented using the [draft] Operations Manual. In addition CI has an Operations Manual online which we also use.'

<sup>69</sup> This is paraphrased from 'Managing for Results: Monitoring and Evaluation in UNDP, A Results-Oriented Framework' (UNDP, 2001)

annual TPR function. There are some indications that it did so<sup>70</sup> and other reports that it did not.<sup>71</sup> In fact, the evaluators have determined that no TPR or other review process equivalent to a TPR was held. There were field visits to Alotau by the UNDP CO's Environment Programme Officer that served to validate or analyse results reported by the Project but no evidence that the CO used information so obtained.<sup>72</sup> In his response to the Interim Report the CTA concurs: 'Annual Tripartite Reviews, specified in the Pro-Doc, were never held. However, the national Project Steering Committee was never regarded by the Project as a substitute Tripartite Review, nor was it used as an M&E.'

The evaluation mission does not criticise UNDP for not holding traditional TPRs. It does, however, conclude that the CO should have ensured that some process of effective review (and follow-up) was in place through the national PSC or some other appropriate mechanism. There is ample evidence that some UNDP staff, CI in Port Moresby and Washington, and staff of the Project itself were well aware in early 2005 of management problems with possibly implications of a serious nature that should have been investigated. Had they been investigated at that time considerable funds would have been saved for application towards the attainment of Project objectives, and some management forays beyond the immediate scope of the Project might have been contained.

## 7.2 Financial monitoring

UNDP carried out financial monitoring but in the past it was not as effective as needed. There is normally an 'authorised spending limit' (ASL) for the UNDP CO for each GEF project. The CO submits the annual work plan (AWP) to the UNDP/GEF Regional Coordination Unit (RCU), which must review it for any major budget implications within five days, unless UNDP/GEF advises that it will require additional time. After hearing from UNDP/GEF (or after five days in the absence of advice), the CO can submit a request for an ASL to the UNDP/GEF HQ Finance Unit. For reasons that are unclear – perhaps because the UN budget was largely expended – the records at the RCU indicate that the CO did not submit an AWL for the Project for 2006. Because of staff changes in Bangkok, the RCU is uncertain whether an AWP was submitted in 2005. In any case, the UNDP mechanisms that should have picked up excessive expenditures, whether at the CO or the RCU, apparently did not function until early 2005 when the CO became aware of serious financial problems. UNDP's system for financial checks and balances, i.e. financial M&E seems to have failed in this case.

UNDP CO has recently put considerable effort into resolving financial issues with CI, particularly in obliging CI to justify its parallel funding practices. UNDP eventually had no option but to reluctantly accept CI's claims for 2003-2005 in order to help salvage its relationship with CI rather than dwell on past disagreements. The current CO senior staff had been placed by their predecessors in an invidious position. It is not possible to know how much those predecessors knew about the management problems with the Project but their apparent unwillingness or inability to resolve financial uncertainties at that time, or even insist on the required quarterly financial reports from the Project, is a matter of concern.

In late 2005 when the Project had essentially exhausted UNDP funds, unaware of the complex of management problems that this evaluation would subsequently unearth, the CO decided to make

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<sup>70</sup> The project APR/PIR of July 2005 reported that a TPR was held in November 2004. The PricewaterhouseCoopers draft Management Report of December 2005 reported that the TPR is 'currently performed as a function of the Project Steering Committee', and the UNDP CO DRR advised the evaluation team in June 2006 that the national PSC performed this function.

<sup>71</sup> The minutes of national PSC meetings do not refer to any TPR discussions or reports. The 'Response to the Interim Evaluation Report from the Milne Bay Project Team' reports that 'Annual Tripartite Reviews, specified in the prodoc, were never held. However, the national Project Steering Committee was never regarded by the Project as a substitute Tripartite Review, nor was it used as an M&E.' This is contrary to other reports by the CTA as shown in the previous footnote.

<sup>72</sup> There are file notes at the CO suggesting that the officer overseeing the Project was very concerned about progress by early 2005 but apparently this was not looked into or acted upon.

an additional contribution of \$525,000 from UNDP core resources in an attempt to ensure Project survival. This was a rare action for a UNDP/GEF project and it was a strong indication of the CO belief in the Project's relevance to Milne Bay, to PNG and to global biodiversity conservation. What is of surprise to the evaluators, however, is that this decision was taken without an investigation of the underlying reasons for the financial crisis. It seems that CI's poor management was seen to be the sole cause, with no suspicion that a key element of this problem lay much closer to home: management in Alotau.

### 7.3 The Steering Committees

There have apparently been four national PSC meetings in the past 3½ years; a finding based on the fact that meeting Minutes are available only for meetings of July 2003, November 2004, May 2005 and November 2005. The Minutes are disjointed, fragmented, incomplete, inconsistent and confusing. Had UNDP staff studied these Minutes, and did a bit of 'reading between the lines' they might have concluded that the process was not functioning well. Interviews by the evaluators with members and past members suggest that they perceived that it was used largely as 'a rubber stamp' for the Project. Nonetheless, it did raise key issues a number of times including the poor Project relationship with the MBPG, the need to build on indigenous knowledge when designing MPA approaches, the lack of joint work planning between the Project and provincial government, and the low likelihood of sustainability of results. However, little effective action arose from decisions taken by the national PSC.

A provincial PSC was established in 2003 but Minutes of its meetings are available for only one meeting. Members report that it was dysfunctional. An effective provincial PSC could have played a strong role in integrating, or at least coordinating, Project and provincial work plans.

### 7.4 Role of the UNDP/GEF Regional Coordination Unit

Just as the UNDP CO failed to pick up the downside in project management so, also, did the UNDP/GEF Regional Coordination Unit (RCU). Given the limitations of the PIRs and the large number of projects overseen by the average Regional Technical Adviser (RTA), it is not surprising that the project's weaknesses were not detected by the UNDP/GEF RTA/RCU, especially in the absence of any warning signals from those closer to the action. Indeed, the evaluators note that the first warning signals they received that there were major problems with this project did, in fact, come from a perceptive Regional Technical Adviser after a very short visit to the Project site in early 2006.

## **8. Other matters**

### 8.1 Sustainability

Application of the UNDP/GEF system of ratings using the format provided leads to an overall assessment of Project progress as tabulated below.

This scoring system can mislead readers seeking a summary view of Project progress. It provides a high-level 'overview' that generates scores that mask promising elements of a Project that, with improved management and good guidance, have potential to generate higher ratings within a relatively short period. The first and major recommendation of this evaluation is for an exercise in Project repair and recovery to be achieved through an Action Plan that is outlined at Annex 8. The evaluators believe that implementation of such a Plan under good leadership will raise all of the scorings below. Indeed the ratings for Implementation Approach and Monitoring & Evaluation could be raised very quickly should bold corrective action be taken.

These ratings are for a five year project that has had only 3½ years of implementation.

Sustainability	Marginally Satisfactory
Achievement of objectives/outcomes.	Satisfactory
Implementation Approach	Unsatisfactory
Stakeholder Participation/Public Involvement	Marginally Satisfactory
Monitoring & Evaluation.	Unsatisfactory

The achievements so far realised are successful only in part and at a marginal level. There are, however, some promising precursors of sustainability that, with a careful reorientation of the Project and a re-focus on its essential objectives could, in its final months, bear fruit. It follows, then that more positive impacts could yet become apparent.

An important basic achievement is the community entry process with which the Project began (built on the UNDP/GEF Bismarck-Ramu experience and adapted to Milne Bay circumstances). Another is the educational material produced – though this achievement is tempered by the fact that much of the basic material used was developed before the Project started. Basic to these and other achievements is a team of national staff most of whom are very good at their work and, importantly, are very committed to Project success.

A good set of biodiversity data has been obtained and applied to management zoning of several community ‘owned’ marine areas. A number of areas might be regarded as being close to ‘ready’ for MPA status, depending on how that is defined. There is some excellent sustainable livelihoods work being undertaken though this effort has been weakened by diversions beyond the Project’s target area, and sometimes beyond its’ scope. These unfortunate distractions at the direction of senior Project management have slowed progress at key sites and, so, reduced prospects for sustainability.

Achievements in capacity building are not good. It can be said that some national Project staff have been able to improve their skills and standing through their Project experience and through workshops and short courses. However, in that vital area of capacity building that is supposedly central to the Project – Provincial, LLG and Ward capacity – the evaluators are unable to discern any significant advance.

## 8.2 Exit Strategy

During the evaluation senior Project management, and some other staff, were asked if there was a Project phase 1 consolidation or exit strategy. The response was a clear ‘no’. In response to criticism of this oversight in the evaluator’s Interim Report the submission from the CTA offers a different response; ‘Contrary to the views of the evaluators, the Project has put much thought and planning into withdrawal from the communities in Zone 1.’ Then follows a series of points about patrols, mostly by VETs, that were suspended because funds were no longer available. This was accompanied by a concluding statement: that ‘planning and work in all areas of Project output has been done with Phase 2 in mind. Having started from a position of being far behind in delivery, the Project has been brought to a stage where, given another 12 to 18 months, work can be consolidated and completed in Zone 1. The Project still has 5 more months to go. If conditions for support are provided, in this time much can still be achieved.’

Nothing in this statement implies recognition of the nature and role of an exit strategy. In fact, it is a troubling pointer to the fact that this Project has been viewed as a ten year project with

automatic transition from one phase to another, rather than what was intended - an initial phase to prove up the concept, develop the methodology and prepare the Provincial Government to take over and, if success is demonstrated through a rigorous evaluation, proceed to phase 2. This in itself is a lesson for UNDP/GEF - the need to remind Project staff not to get carried away by the prospect of what they tend to see as 'automatic renewal'.

## **9. Recommendations and lessons learned**

### **9.1 Recommendations**

1. The primary recommendation is for an immediate start on the preparation of a programme of reorientation and repair to get the Project back on track. Detailed suggestions for an Action Plan are at Annex 8.
2. Independent assessment of the Project's approach to communities is recommended: the first is the investigation and use of genealogies as a basis for CMMA management and for the distribution of benefits. The second is VET philosophy, practice, membership and training.
3. The effectiveness of both National and Provincial Steering Committees should be strengthened through a review of membership to ensure that each Committee embraces adequate technical and social understanding, either through its formal membership or through ad hoc appointments; the committees are supported by consistent and effective chairmanship; that the Minutes of their meetings are prepared by an individual who is not part of the Project; and the reporting format used should clearly indicate decisions taken, actions recommended and the individual and/or agency responsible for follow-up.
4. The GEF Brief for this project specifically referred to in the Prodoc as the basis for Project design and activities, and clearly a document of basic importance for this Project, has been ignored. It is recommended that specific reference to such a document should be included in the TOR of relevant Project staff.
5. For projects planned for eventual NEX execution, local human resources development must be afforded sufficiently high priority that this cannot be ignored. Recommended measures to reinforce this include a requirement for specific provision for HRD in work plans and budgets.

### **9.2 Lessons learned**

Not all are new lessons learned. Rather, some are 'lessons learned, but since forgotten'.

1. A monitoring and evaluation system is only effective if it is itself monitored to ensure it is being used and its results are being interpreted in a meaningful way.
2. CI, supposedly replete with technical expertise, failed to respond to Project staff requests for technical backup. It would have been better to have used a technical support group made up from PNG universities and NGOs, and others with sound experience in Melanesia.
3. A Project evaluation is more effective if Project staff engage in their own evaluation, on the basis of the same terms of reference as are used by the evaluators, immediately prior to the arrival of the evaluators — and use the results as a basis for their presentation to the evaluators.
4. Again, the importance of building into project design the necessary emphasis on gender, youth and the marginalised members of society has been demonstrated. In Milne Bay, women (in a matrilineal society) are key resource owners and youth are the resource owners, managers and decision-makers of tomorrow.

5. The Project's four functional teams tended to work too much in isolation from each other, hindering opportunities to understand and to reinforce each other's work. The failure of senior management to foster an integrated approach discouraged team cooperation. This is particularly important for work in small countries or provinces where one or two assistance programmes dominate and where local capacity to manage development assistance is nascent or limited. A good manager understands this. For others, this approach needs to be spelled out in their TOR.

6. A strong sense of local ownership is vitally important. In this case, there is strong support for the project's goals but very weak ownership within the government, local NGOs and the private sector. Broad participation in planning and implementation and a high degree of transparency within the project are needed to develop and retain local ownership.

7. There is a considerable body of knowledge and experience on matters such as community based marine protected areas and effective poverty reduction strategies for island communities outside PNG. Experiences elsewhere in the region, for example, could be tapped for application in this project. It is necessary to ensure that senior project staff are made aware of, and tap into, other information sources within the Pacific island region and beyond that have relevant experience for e.g. services available from the UNDP Pacific subregional centre in Fiji on sustainable livelihoods and poverty reduction in island communities.