

Strengthening Sustainable Forest Management
INCEPTION REPORT

PIMS No. 4136

**Strengthening Sustainable Forest Management and Bio-Energy Markets to Promote
Environmental Sustainability and to Reduce Greenhouse Gas Emissions in Cambodia**

November 2011

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ABBREVIATIONS

AFD	French Development Assistance Agency
APR	Annual Project Review
AWP	Annual Work Plan
CBD	Convention for Biodiversity (UN)
CBNRMLI	Community Based Natural Resources Management Learning Institute
CCAA	Committee for Contracts, Assets and Acquisitions
CF	Community Forestry
CLUP	Commune Land Use Planning
CI	Conservation International
CPA	Community Protected Area (under MOE)
CTA	Chief Technical Advisor (international)
Danida	Danish Development Assistance
DIME	Department of Industry, Mines and Energy
DP	Development Partners
DSA	Daily Subsistence Allowance
FA	Forest Administration
FAC	FA Cantonment
FFI	Fauna and Flora International
GEF	Global Environment Facility
GDANCP	General Department of Administration Nature Conservation and Protection (under MOE)
GDE	General Department of Energy (under MIME)
GHG	Green House Gases
HACT	Harmonized Approach to Cash Transfers
LOA	Letter of Agreement
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economics and Finance
M&E	Monitoring and Evaluation
MIME	Ministry of Industries, Mines and Energy
MLMUPC	Ministry of Land Management, Urban Planning and Construction
MOE	Ministry of Environment
NCFPCC	National Community Forestry Program Coordination Committee
NIM	National Implementation (UNDP term for national execution under Program Based Approach)
PA	Protected Area
PBA	Program Based Approach
PIR	Project Implementation Report (for GEF)
POC	Priority Operational Costs
RECOFTC	Regional Community Forestry Training Centre (alias Center for People and Forest)
RFP	Request for Proposal
RGOC	Royal Government of Cambodia
SFM	Sustainable Forest Management
TOR	Terms of Reference
TWG F&E	Technical Working Group Forest and Environment
UNCCCD	United Nations Convention for Combating Desertification
UNFCCC	United Nations Framework Convention for Climate Change
WEWG	Wood Energy Working Group
WS	Wildlife Sanctuary

Project Profile

**United Nations Development Programme
Country: CAMBODIA
Project Document**

Project Title: Strengthening Sustainable Forest Management and Bio-Energy Markets to Promote Environmental Sustainability and to Reduce Greenhouse Gas Emissions in Cambodia.
UNDAF Outcome: By 2015, more people living in Cambodia benefit from, and participate in, increasingly equitable, green, diversified economic growth.
CPAP Outcome(s): By 2015, National and local authorities, communities and private sector are better able to sustainably manage ecosystems goods and services and respond to climate change.
CPAP Output(s): Pro-poor, sustainable forest/protected area management and bio-energy productions accelerated.
Implementation Modality: National Implementation (NIM)
Implementing Partner: Forestry Administration, MAFF
Responsible Parties: General Administration of Nature Conservation and Protection, Ministry of Environment (GDANCP), Ministry of Industry, Mines and Energy.

Programme Period : 2011-2015	Total resources required: US\$ 9,963,635
Key Result Area : Environment and Sustainable Development	Total allocated resources:
Atlas Award ID : 00060049	• Cash (Grant) US\$ 3,863,635
Start date : 1 March 2011	○ UNDP : US\$ 1,500,000
End Date : 28 February 2015	○ GEF : US\$ 2,363,635
LPAC Meeting Date : 25 November 2009	• Co-financing (parallel) US\$ 4,500,000
	○ DANIDA : US\$ 3,000,000
	○ UNDP : US\$ 700,000
	○ GERES : US\$ 800,000
	Unfunded budget : US\$ 1,000,000
	In-kind Contribution, RGC/FA : US\$ 600,000

Agreed by (Government): H. E. Keat Chhon, Deputy Prime Minister, Minister of MEF, First Vice Chairman of CDC, Ministry of Economy and Finance *HC*

Signature: *[Signature]* Date: 11 MARCH 2011

Agreed by (Implementing Partner): H. E. Cheng Kimsun, Delegate of the Royal Government, Head of the Forestry Administration

Signature: *[Signature]*



Date: 21 February 2011

Agreed by (UNDP): Ms. Elena Tischenko, Country Director

Signature: *[Signature]*

Date: 18 March 2011

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Executive Summary

The Inception Report is a document that is produced by the end of the SFM project's Inception Phase to capture change that have happened since its design in 2009. The Inception Phase of the SFM project has been assisted by an international Start Up/Inception Management Consultant for four months between March and September 2011. It includes an update of baseline information, in particular which new government policies or initiatives under donor funding that are emerging and it includes a revision of some indicators and outputs in the Strategic Results Framework (Annex 1).

A number of new initiatives supporting decentralised forest management are about to start at the same time requiring optimal arrangements for creation of synergies. At the same time, there has been an unexpected shortfall of 1 mill USD in UNDP funding prior to project start and therefore a revision of the budget has taken place. The given outcomes are not severely affected by the 1 mill USD shortfall as primarily the overly large amounts of start-up grants, the overly large number of local consultants' man-months (>800) and the 44 mm of Chief Technical Advisor (CTA) have been cut down.

The Inception Phase has provided opportunity to consult with a range of stakeholders such as government agencies and development partners, including NGOs to explain the objectives of the SFM project and to identify possibility for synergy. The SFM project is complex as its objectives are based on the global environmental objectives of three international conventions. The project shall require technical assistance to implementation, which by FA will be tendered among service providers in October 2011.

The SFM project's 3 main components are integrated into 2 requests for proposals (RFP) focusing on component 2 and 3 respectively, each of them including elements of component 1 that comprises related policy changes and capacity building outcomes. The efforts during the Inception Phase to prepare clear TORs for RFP have required several close readings of the project document and its many annexes, because a number of outputs were not sufficiently clear. With the aim to make outputs clear and argue for the decisions taken Section B explains the amendments and corrections undertaken and the revision of indicators and outputs in the Strategic Results Framework.

The Inception Phase consultants have determined that the project in its component 2 addresses 30 mature step 7 CF sites with business plan development being part of the CF management plan development. In addition it will address 6 new CF sites which may not even have been identified on the ground yet in an attempt to pilot the three other CF modalities for which there is no regulatory framework in place yet in order to feed lessons into new legislation (component 1). Besides these 30 + 6 CF sites, the project will work with 10 CPA sites in PAs of MOE, also there promoting business plan development as an integral part of management plan development for the CPA. The TORs for component 2 furthermore stipulate that special skilled manpower is required e.g. *full time* TA for business plan development with CF and CPA communities. The warranted scope of integrating SFM at a landscape level will be piloted in component 2 through the development of four CLUPs that integrate CF and/or CPA modalities.

In component 3 the project works on wood energy efficiency issues to cut down CO₂ emissions by setting up improved wood stove production centres, increase marketing, and

develop green charcoal trials with improved kilns. In connection with the pilot kilns five CF woodlot management plans for green charcoal are put under Component 3 in collaboration with FAC and DIME. The component 3 is closely linked to the mandate of the General Department of Energy of MIME that presently is preparing a Wood and Biomass Residues Energy Strategy, which is a favourable intervention of mutual support with the SFM project as it deals with the balance of wood supply and wood demand. Revitalisation of the inter-ministerial Wood Energy Working Group is envisaged and close cooperation has already been initiated between FA and MIME in informal technical meetings at Deputy DG level on defining MIME's role in the SFM project.

The two sets of TORs also suggest provincial SFM coordinators in four provinces to be placed in the FAC and hired under component 2. It is suggested that the same coordinators will also cater to the needs of component 3 for the five CF sites that it will work with to prepare wood energy related management plans. This ties the components together and it does away with the need for component 3 to have a separate FAC coordinator, assuming that a good deal of provincial interaction of component 3 will be with DIME.

The TORs for RFP are relatively long (14 pages), but the length is deemed necessary as the bids are large and there is no one place in the project document where to ascertain clearly outputs and indicators by component. Most importantly the TORs now explicitly require the service provider to establish clear baselines against which monitoring can take place regularly feeding into the overall results of the Strategic Results Framework. Gender mainstreaming also has been improved. The Strategic Results Framework now has gender related indicator added and the TORs for RFP contain strong requirements for gender mainstreaming.

The implementation arrangements reflect the warranted inter-ministerial collaboration. MIME is clearly involved with component 3 and MOE would be involved through GDANCP with the development of CPA management plans. And the MLMUPC would be involved in the provinces where CLUP integrating an SFM approach is piloted. The project Board features the said ministries and besides a lower level inter-ministerial technical team of appointed "focal persons" will meet quarterly to discuss line communication from the field and ways to support implementation.

The ministries and line agencies in the four provinces where the project is implemented will enter into a MOU with the awarded service providers on guaranteed provision of funds for government involvement in implementation of "activities" covering dsa and fuel costs etc. The actual budget will be put in the service providers' annual work plans for each province to reflect an agreement with the government agencies concerning next year's targets. This means bidders will need to include a lump sum for this purpose in their financial proposal. Likewise the bidders must include start up grants for enterprise development in the communities as stipulated in the project document.

The Inception Phase has made it clear that FA wishes to see the project implemented under national execution, which means the FA in November has issued requests for proposals and will enter into contract with selected service providers before the end of 2011. The national execution by FA follows the UNDP NIM (national implementation) modality, which is considered to be the norm for UNDP projects since it is expected to contribute most effectively to greater national self-reliance by effective use and strengthening of the management capabilities and technical expertise of national institutions and individuals, through learning by doing, enhanced sustainability and reduced workload through greater use

of appropriate national systems and procedures. UNDP NIM manual emphasizes that national Implementation should be used when there is adequate capacity in the selected government entity such as FA to undertake the management of the project.

The precise internal management arrangements in the FA still need to be sorted out by end of September / primo October 2011. Over the last few years donors such as Danida and DFID have carried out a program-based approach (PBA) in support of the new National Forestry Program (NFP). However, this PBA has taken place through the Secretariat to the TWG Forest and Environment, an entity that is not a line department entity and in the long run a new entity must come up in FA to cater to donor funds under a PBA. Presently there is a need to strengthen the role of Department of Administration, Planning and Finance (DAP) within FA and M&E Unit/Office of FA in support of donor funded projects. UNDP has carried out a HACT assessment (Harmonized Approach to Cash Transfer) by end of 2010 which found that the risk of channeling funds through FA was low but that weaknesses existed. For donor fund management the HACT focused on the Secretariat of TWG seeing it as a PMU, but this secretariat is not a line agency and, as said, may not be suitable for the SFM project in the long run that seeks to integrate the role of the M&E Office.

The FA and UNDP have agreed on national execution using the UNDP NIM Manual. UNDP will support FA with capacity building and technical assistance for the procurement process including providing the assistance of a short term international procurement advisor.

In accordance with the NIM Manual the FA will set up a for a period of two years a Committee for Contracts, Assets and Acquisitions (CCAA) to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies. Also an evaluation committee to assess the proposals must be established and carry out its tasks by end of November and start of December 2011. Bidders need at least a month to write proposals and the committee to evaluate the maybe up to five proposals also needs some weeks.

The Inception Workshop took place on 3rd November 2011. The workshop gave opportunity to present the project implementation arrangements, the request for proposals and the synergies with other ongoing or starting projects in the same provinces and the links to policy level. It also gave opportunity to highlight the inter-ministerial collaboration and how the goal of SFM cuts across sectors, thus creating an impetus for sustainability of project results. Minutes of the Inception Workshop are found in Annex 11

A. Project Design and Inception Background

Preamble

The purpose of this Inception Report is to update and explain changes that have happened since project design and during the Inception Phase. The latter includes an update of baseline information and revision of the Strategic Results Framework (Annex 1) in order to better reflect the changes in the environment within which the project will operate and suggest minor changes in project implementation arrangements. The project was designed in 2009. Since then a number of new initiatives have taken place in Cambodia and new projects have come up, see Section D below. This requires development of optimal arrangements for collaboration in the implementation and the creation of synergies. Furthermore, there has been an unexpected shortfall of 1 mill USD in UNDP funding prior to project start and therefore a revision of the budget framework has taken place. The given outcomes are not affected by the 1 mill USD shortfall as primarily the overly large amounts of start-up grants, number of consultants' man-months and full time Chief Technical Advisor (CTA) have been cut down.

The Inception Workshop scheduled for 3rd Nov 2011 addresses

- a) The role of implementing partner, role of responsible parties comprising service providers of technical assistance and other line agencies, and the support services and complementary responsibilities of UNDP country office.
- b) The TORs for Request for Proposal to be discussed as needed
- c) A discussion on synergy with other projects in the same provinces funded by other development partners and the ways the projects jointly all contribute to capacity building and improved regulatory framework for decentralized forest management
- d) The collaboration with MIME, MOE and MLMUCP
- e) Project Strategic Results Framework for review of the outputs, indicators and targets and risks.
- f) Review communication strategy and gender mainstreaming strategy of the project.

The Inception Report has been finalised as draft final in September 2011 and updated subsequent to Inception Workshop on 3rd Nov 2011.

Background

The project is funded by the GEF (2,363,635 \$) and the UNDP (1,500,000\$). The GEF's aim is sustainable management of forests to achieve global environmental benefits as well as local livelihood benefits. The GEF funding is provided with reference to three international environmental agreements: biodiversity (CBD), land degradation (UNCCD) and climate change (UNFCCC). Under the UNCCD this refers to a number of GEF outcome indicators calling for application of ecosystem principles and wider landscape management. Under the CBD this refers to protection of the whole Cardamom Complex by institutionalizing SFM in its periphery as well in wildlife sanctuaries and protection forests. Under climate change it refers to forest and carbon protection through accelerating wood energy efficiency in improved cook stoves and combating forest degradation. The project will deliver simultaneous global benefits, in terms of improved conservation, reduced land degradation, reduced loss of carbon stocks and reduced GHG emissions, as well as improved local livelihoods.

The objectives of the SFM project are to strengthen sustainable forest management (SFM) through decentralized forest management integrating SFM in Community Forestry (CFs) and Community Protected Areas (CPA) and promoting a landscape based approach. The results will increase communities' income from decentralized forest management and feed into policy, planning, and ongoing implementation and investment frameworks and also create the basis for sustainable wood-energy efficiency technologies, which reduce CO₂ emissions. Field implementation takes place in Battambang, Pursat, Kampong Chhnang and Kampong Speu.

The project is executed by the Forest Administration (FA), which is the **Implementing Partner** for UNDP/GEF. The FA has called for proposals from service providers in November 2011 to implement technical assistance to the project. The National Forest Program 2010-29 (NFP), Sub-program 4, is the national framework for project implementation. Its Sub-Program 4 addresses community forestry (CF) in four decentralized modalities (Community Forestry, Community-based Production Forestry, Partnership Forestry and Community Conservation Forestry) with the aim to cover 2 million ha by end of program in 2029. Only the first modality of CF has a regulatory framework, but the project will help to develop the framework for the rest.

The project has 3 main components:

Component 1 for capacity building and policy development,

Component 2 for CF and CPA and selected CLUP integrating CF and CPA

Component 3 for wood energy efficiency promoted by improved stoves and kilns.

The Community Forestry sub-program 4's section *Community, Institutional and Livelihoods Development* will receive the main emphasis. It comprises capacity building of CF management committees, raising awareness of local government and line agencies and most importantly **develop enterprises that provide an income to the community forestry members**. Enterprise development will require capacity building of communities in business management, marketing and in the technical aspects. Reasonable capital to cover start-up costs of enterprises will be provided (to be included in service providers' Financial Proposal) and eliciting support from local government funds is encouraged.

The project will cover the development of business plans as part of management plans for 30 mature (step 7) community forests (CF) sites in the target provinces. It will also cover 6 new CF sites to be developed from step 1 as representatives of the alternative CF modalities (Partnership Forestry, Production-based CF, and Community-based Conservation Forestry). The project will furthermore include 10 Community Protected Areas (CPA) inside the Wildlife Sanctuaries of Phnom Samkos and Phnom Aural and possibly Samlaut Multi-use Area. Component 3 will address 5 CF sites for woodlot management plan development.

In component 2 the project will seek to institutionalize the landscape approach in two ways: working with selected CF and CPA sites that are close to each other and working selectively with commune councils to prepare Commune Land Use Plans (CLUP). The project's call for a landscape approach warrants collaboration with the commune council partly through Partnership Forestry development and partly by supporting development of at least 4 CLUPs that include CFs and/or CPAs, either exiting CFs and CPAs where work is on-going or new CF sites step 1 potentially linked to the development of Partnership Forestry.

SFM approaches combat forest degradation. In Cambodia, unsustainable wood fuel extraction and inefficient wood burning technologies in cook stoves and charcoal kilns contribute to forest loss and degradation. The Component 3 of the SFM project therefore seeks to develop

an increased production and marketing of improved cook stoves, palm sugar stoves and the use of energy efficient charcoal kilns that all contribute to cutting down CO₂ emissions. The focus on the supply side of wood energy lends itself to linkages with community forestry and the possible increased production of wood for fuel and charcoal produced under CF management plan arrangements in five CF pilot sites. Experience already exists in Cambodia on decrease in CO₂ emissions from improved stoves. Component 3 will be implemented in close collaboration with the General Department of Energy, MIME.

The components 2 and 3 are both closely interlinked to component 1, which is the component that aims to build capacity and improve the regulatory framework for CF and CPA as well as follow up on the recommendations in the *Wood and Biomass Residues Energy Strategy* under preparation in 2011 by MIME. Component 1 is also related to the Cambodia UN REDD output 2.1 for which the SFM project is seen to provide parallel co-financing.

Technical assistance to implementation by service providers will be tendered as a Request for Proposal (RFP) during October 2011. The TORs for the RFP are found in Annex 3. Since the project touches upon the mandate of other ministries (like CPA for MOE, wood energy efficiency for MIME and CLUP for MLMUPC) collaborative arrangements with these ministries will be set up at the technical level through the designation of ‘focal persons’ in the said ministries and departments, which will meet regularly as an inter-ministerial technical team. At senior executive level the inter-ministerial supervision of the project is carried out by the Project Board. The terms of reference for the Board and focal persons’ team are found in Annex 2 and the organogram is found in Section E.

B. Amendments and corrections to the Project Document

The project document as such has not been changed, but some outputs, which were not clear have been made clearer partly in the revised Strategic Results Framework, see Annex 1, and partly in the TORs for tendering of technical assistance. Factual corrections are also listed below here in Section B.

The Project Document stipulates that technical assistance to the implementation shall be tendered among service providers/contractors through Request for Proposals (RFP). The project document envisaged three bids, but the Inception Team has judged that the various outputs of Component 1 related to capacity building and development of an improved regulatory framework are so closely linked to - and being results of - both component 2 and component 3 that the Component 1 has been divided among the two other components so the first RFP (Bid 1) is now composed of Component 2 and the pertinent elements of Component 1 and the second RFP (Bid 2) is composed of Component 3 and the pertinent elements of Component 1.

The project has a **clear focus on business development for community forestry**. Therefore it will give support to preparation of community forestry management plans (going from Step 7 to Step 11) that for all sites include enterprise development (Step 9) with links to the private sector being part of management plan preparation. This focus pertains to all 30 targeted CFs and 10 CPAs. The CF sites at step 7 have reached a sufficient level of tenure security to invest in the productivity of the forest. It is recognised that not all 30 CF sites will be

approached in 2012 and that a number of the 30 sites in year 2012 may only be at the Approved step.

Clarification of Outputs

The proposed number of 30 CF sites as target deviates from the “Strategic Results Framework” (p.74 in Project Document), which only has 20 sites, but it is in correspondence with the “Plan for Measurement of Indicators” page 65 which has 30 sites. The justification for 30 sites is the need for a higher number against the amount of funding spent. Together with 10 CPA the 30 CF sites would also allow for a higher critical volume of sites to see possible joint enterprise development and at the same time feed into a landscape approach, where possible. The number of CF sites is put as 50 CF sites on p. 70 in paragraph 210 by mistake. The Inception Team suggests settling on the figure 30 CF as the target for full development of community forestry enterprises going through step 8-11.

The focus on enterprise development complements interventions supported by other development partners in the same provinces (see Section D. below). The focus feeds into the warranted development of the CF Guidelines’ regulatory framework for Step 9, enterprise development, because it will provide lessons learnt on management objectives, benefit sharing, tolls and taxes and other issues related to business development at community level. This explicit focus on business development will require deployment by the successful contractor of one full time TA in NRM business plan development, community consultation, and resource- or inventory assessment. This requirement is stipulated in the TORs for RFP in BID I. Business development also requires start up grants for communities’ enterprises and the start- up grants will appear as budget lines in the Financial Proposals in the tendering. Start up grants for Component 2 must be estimated by the bidder while start up grants for Component 3 follow the project document and are given in the TORs for Bid 2.

The 30 sites that are to have enterprise development management plans are mature sites. Therefore, they do not include the alternative modalities described in the NFP (Partnership Forestry, Community-based Production Forestry, and Community Conservation Forestry). These need to start from scratch. Therefore, in addition to the 30 CF sites, the Inception Team has **included 6 incremental CF sites** in the TORs for Component 2 (RFP I) to create a basis for learning about the other modalities of CF development for which there is limited information in Cambodia. The additional (alternative modalities) CF sites must - by the selected contractor - be identified as Step 1 sites and carried forward preferably up to step 9 if possible.

While this additional number of six trial sites does not appear explicitly by number in the Project Document **it is necessary to include them to support Component 1 that calls for lessons learnt on precisely these modalities to feed into an expansion of the regulatory framework for CF.** The project cannot feed into the policy development unless it pilots such CF sites.

The Inception Phase has also clarified that **5 fuel wood / green charcoal CF-based (or CPA-based) woodlots should be additional outputs of Component 3.** The Component 3 needs to establish management plans for CFs or CPAs for wood fuel/green charcoal plantations to undertake trials producing biomass for wood energy. These 5 additional CF sites will be CF sites at step 7, which have Agreement ready for management plan development. The management objectives would be creation of wood plantations for fuel

wood/green charcoal biomass. The inclusion of the CF sites is necessary for the creation of a link to the development of green charcoal in Component 3.

Component 3 will, otherwise, primarily cater to the production and marketing of improved cook stoves, palm sugar stoves, including training in stove production, and, as said, charcoal kilns for green charcoal. These improved kilns are linked to specific CF sites producing the biomass that green charcoal burning needs. It cannot be done without the other. It is noted that such plantations **do appear** in the Strategic Results Framework but they are put by mistake under Component 2. The 617 ha target put in Component 2 in the Strategic Results Framework for Kampong Chhnang are, in fact, field sites of an NGO working on wood fuel energy, and do not belong to Comp 2.

Component 3 needs to prepare a clear baseline of CO₂ emissions to prove the reduction created as a result of the project.

Associating Component 3 with wood fuel plantations does NOT mean that the Component 2 cannot develop fuel wood and pole wood plantations as part of the business development. Whether any wood production under Comp 2 can directly feed into the stoves and kilns of Component 3 depends on the vicinity of the sites.

Catering to the warranted landscape approach, the Inception team has added a clear output in the form of 4 Commune Land Use Plans or CLUP to reinforce this approach and provide an entry point for the Commune Council to consider SFM. The Project Document deals extensively with CLUP, i.e. p 55 in text box, on p 56, and in p 60 in the text box and the Strategic Results Framework has up to 3 Indicators for Outcome 1 related to “local land use plans developed” and as a target that “FA Division staff and PA staff in 4 target provinces collaborate with the local commune councils in integrating SFM into local land use planning and local budget support”. “Interviews with commune councils” features as the Source of Verification.

Summary of Number of Sites for Intervention

Type of Site	Number suggested
CFs management plans for business development (Component 2)	30
CPA management plans for business development (Component 2)	10
CFs trials of alternative CF modalities (Component 2)	6
CFs management plans for wood fuel and green charcoal (Component 3)	5
CLUP (Component 2)	4

The Strategic Results Framework thus indirectly assumes CLUP to be prepared in order to show at policy level (Comp 1) how SFM can be mainstreamed in CLUP through CF and CPA. Based on the above and the Project Document’s call for landscape approach and integration of SFM/CF/CPA into commune land use plans, it has been decided in Inception Phase to include preparation of 4 CLUPs during the lifetime of the project carried out under Component 2, but linked to Comp 1 results as well. Each CLUP is estimated to cost 8,000 USD. They can be prepared around existing CF/CPAs and perhaps linked to trials in Partnership Forestry with commune councils.

The clarification of numbers of sites has been reflected in a revised Results Framework in Annex 1, which (in colour) shows the clarifications. A clean revised Results Framework is also included in Annex 1.

The **FA Gender Strategy 2009** prepared by the FA Working Group on Gender and the ‘Gender Mainstreaming Assessment’ carried out in 2011 by the UNDP consultant firm ENERGIA for all UNDP projects have been used in the preparation of the TORs for RFP and gender sensitive indicators have been added to the Strategic Results Framework. More on gender action plan please see Annex 5.

Corrections to pages in the Project Document:

1. The Project Document has put in the main text p. 49 that the Outcome 1 of the project is: *National capacities, policies and regulations exist to facilitate the widespread implementation of SFM, integrating energy efficiency, biodiversity, sustainable land management and livelihood considerations.* However, in the Strategic Results Framework Table p.74 the Outcome 1 reads: *“National capacities and tools exist to facilitate the widespread implementation of sustainable community-based forest management and technologies that reduce demand for fuel wood.*

The Strategic Results Framework being at a higher level means that the wording from the Results Framework has been kept although “livelihoods” are left out.

2. The Table No 14 p. 62 must be corrected to be “100 NKS producers” in 6 centres, not only 37 in 6 centres. The figure of “one hundred” stove producers appears many places elsewhere in the document.
3. **Corrections of reduction of CO₂ emissions in Comp 3:** The figure for reduction in CO₂ emissions from cook stoves differs among different pages in the Project Document. On p. 70 in Project Document it puts reduction from NKS stove at 79,200 tons of CO₂ “during project”, while in the Plan for Measurement of Project Indicators (p. 65) it is only 39,600 tons and in the Strategic Result Framework it is 59,400. So we have three different figures, one only half of the other. In the Table p 112, we find the figure of 59,400 is PY 4 while 79,200 is P4+1. **Decision in Inception Period is to put 79,200 in the Results Framework assuming this reduction to be the effect of 360,000 produced stoves.**
4. P. 128 **Business Model** row in the table: It is Six (6) NKS training and production centres. Not four (4) centres.
5. **The Budget Notes p. 81-84** have a number of mistakes and besides there has been a **shortfall of 1 mill USD** in overall cash budget. It has therefore been advised in the TORs for Request for Proposal that the service providers that wish to bid should NOT pay attention to the 2009 Budget Notes and Budget in the Project Document. Reading Budget Notes p.81-84 would require corrections, not only for the 1 mill USD **which by Inception Team is suggested annulled by annulling the 1,028,000 USD in Component 2 under Point 16. Contractual Services.** The activities listed there are to be covered by being subsumed under other budget lines, ultimately dependent of the Financial Proposal by bidders.

6. Corrections Budget Notes under Outcome 2 (Comp 2) p.82

Point 8. The GEF funding for 24 mm support to production and certification of charcoal production centres belongs to Comp 3 and should be funded under the already provided funds for Comp 3.

Point 16. Contractual Services the 1,028,000 USD have been annulled in the Inception Phase as the project is 1 mill USD short since the time of design and the activities listed will be subsumed under other budget lines. Thus, Comp 2 will **not** have 690,000 USD for start-up grants for 30 CF and 10 CPA. The tenderer for RFP 1 must in the Technical and Financial Proposal outline the need and amounts for start up grants for up to 30+10 communities.

The included charcoal tests under Component 2 (25,000 USD) in fact belong to Component 3 as does the 'training in rural energy service' (132,600 USD). These activities must be funded under allocations already given for Comp 3.

7. Under Outcome 3 (Comp 3) p. 83

The figures in Para 19. **Contractual Services** have inaccuracies: "Business development for 100 cook stove distributors' has the figure of 164,000 USD on p. 83 but on p. 61 there is only 80,000 USD set aside in the table and likewise there are only 80,000 USD in the table on p. 109. So conclusion in Inception Phase is that 80,000 USD must be set aside for stove distributors.

It is the responsibility of the bidder for RFP BID 1 and 2 to indicate in Financial Proposal the approximate amounts to be set aside for start up grants and risk sharing grants. The Project Document has set aside for Component 3 the amount of 343,335.00 USD for start up grants and risk sharing capital (UNDP TRAC funds).

8. **CTA deployment:** The Budget Notes have a total of 44 man-months (MM) of Chief Technical Advisor. There is a cut in number of man months to 3mm/year: The change is due to shortfall of budget and due to an assessment that full time CTA is not necessary with technical assistance to be provided by contractors/NGOs working with FA and FAC, GDANCP/DOE and GDE/DIME and provincial staff of DLM. Thus, the Inception Period has decided on a part time advisor 3m/year. Part time international support can be called upon for higher and analytical coordination among components, combined with an analysis of lessons learnt and PIR reporting to GEF. The part time advisor will be responsible for TORs for part time advisor are found in Annex 2.
9. **Local Consultants:** The Budget Notes p. 81-84 feature a total of 804 mm of local consultants. The Inception Period has considered this number excessive as many activities can be carried out by government officers. **Arrangements for collaboration between service providers and government staff from different line agencies will be established in an MOU between the chosen contractor and the concerned line agency,** see section G below.

C. Activities performed during the Inception Phase

The Inception Phase was supported by an international start-up consultant (4 months between March 2011 and mid September 2011) and came to a conclusion with the Inception Workshop on 3rd November 2011. Time was spent on reviewing the Project Document several times, developing a new budget that allowed for the cut of 1 mill USD, studying and consulting extensively on operational mechanisms and flow of funds under the UNDP National Implementation (NIM) modality, and creating a new baseline by consulting all development partners to ascertain their contribution to the NFP and identify synergies at policy and project level where working in the same provinces.

The international consultant prepared in March 2011 a 10-15 page Summary of the Project Document in English that was translated into Khmer in order to be able to share information on the project with stakeholders at central, provincial and district level that have no time or ability to read the 180 pages of the Project Document in English.

Consultative meetings were held with line ministries, line departments, NGOs, development partners, government institutions and other stakeholders forging strategic partnership with key players. Please refer to Annex 8 the list of stakeholders consulted during the inception phase.

During the Inception Period the National Project Advisor and the National Project Assistant were hired by UNDP and a short term national consultant deployed for three months to assist in the upstart.

The Project Document was signed by H.E. Chheng Kimsun, Delegate of the Royal Government, Head of the Forest Administration on 21 February 2011 and on 11 March 2011 by H.E. Keat Chhon, Deputy Prime Minister, Minister of MEF, First Vice Chairman of CDC, Ministry of Economy and Finance. On 18 March it was signed by Ms Elena Tischenko, UNPD Country Director.

A Standard Letter of Agreement between FA and UNPD was also signed in 2011 by Ms Elena Tischenko in February and by H.E. Chheng Kimsun. The LoA is a standard letter which determines the scope of UNDP support services to the Implementing Partner if called upon to provide these services, namely i. identification and/or recruitment of project personnel, ii. identification and facilitation of training activities and iii. procurement of goods and services.

A project office was set up in the FA in Phnom Penh and taken into use by July 2011 where procurement started for office equipment. The FA formally appointed H.E. Chea Sam Ang, Deputy D.G. of FA as the SFM Project Director and Mr. Khorn Saret, Deputy Director, Department of Forestland (Forest) and Community Forestry as the Project Manager. Terms of reference for the Project Director and Project Manager are included in Annex 2.

A **Launching Workshop** for the SFM project was held on the 31st of May in Cambodiana Hotel, which presented the project to a wider audience. The Project Manager Mr Khorn Saret presented the project, while Mr Long Rattanakoma presented on lessons learnt in Community Forestry in Cambodia and Mr. Kim Sarin of GDANCP presented on development of CPA in Cambodia.

A **Field trip to four cantonments and three departments of environment** was carried out the first week of June 2011. The aim of the field trip was to gather baseline data and to inform cantonments and the departments of environment of the components of SFM project in more detail.

At the time of Project Inception there are in Cambodia 130 CF sites in Cambodia that have Agreement covering 141,031 ha, while the Approved sites make up 237,581 ha and another 35,000 ha have been identified, verified and mapped.

A number of the sites with agreements are found in the target provinces and also approved sites that would lend themselves to management plan development in 2013 and 2014. The mission met with cantonments to learn from them the experience of working with NGOs in the field, learn of the existing or planned future projects in CF and the target number of CFs and their stage of development i.e. number of approved sites and number of sites with agreements. Also further discussions were held on plans for development of CF management plans and identification of new sites: opportunities and constraints. It was ascertained how many CF sites were near Phnom Samkos and Phnom Aural Wildlife Sanctuaries and possibilities to work with communes that cover both FC and CPA in a landscape based approach, including CF sites in or near Samlaut Multi-use Area.

It was learnt that the speed of implementation of activities with several CF and CPA sites that have Agreement **may be affected by the need to elect new management committees as the existing ones are already five years old.** This fact characterizes many provinces. This means that time have to be included in project implementation to allow for re-election of CF management committee. It was noted by cantonments that many CF sites are degraded areas with tree diameter less than 10 cm. If agreed by FA (based on Danida funded consultancy Sep-Oct 2011) **such areas do NOT need to do a full-fledged inventory of existing vegetation**, which means that the preparation of management plans can be accelerated. The cantonments wish support and capacity building from central level to prepare management plans.

It was learnt that Kampong Chhnang has CFs in four districts: Kampong Tralach, Samaki Meanchey, Rolear Phaer and Teuk Phos. The Aural WS is to the west in Kampong Chhnang. Here Tuek Phos district, Krang Skear Commune may be a starting point for a landscape approach. The CF site there is Toul Samrong. Also possibilities of Partnership community forestry with commune are to be explored. The CPAs in Aural WS in Kampong Chhnang province all have prakas from MOE except Malong CPA. These CPAs (like the CFs with approval and agreement) need re-election of committees since years have passed already. And the bylaws also need revision to allow for enterprise development and the CPA Guidelines of MOE need official ratification before CPA management plans can be seen as fully legal.

For Pursat there is a clear need for coordination of approach with the EU supported CF project through RECOFTC and the USAID supported project through Fintrac and FFI. If SFM project is to work on landscape level approach and include CPAs inside Samkos WS, it means Kravanh district, Samroung Triage, and Pramouy commune is the most obvious to start as well as in Veal Veng district. This commune has both CPA and CF. As can be seen from sectionD. below on matrix for synergies with the SFM project the USAID project HARVEST also plans to work in Kravanh district and the two projects therefore need

coordination through the FAC. In Pursat a number of NGOs also work: EPDO, PK, PVT, and Concern providing funds.f

Pursat cantonment also works in Protection Forest areas with Conservation International (CI). Here possibly development of the CF modality for Community-based Conservation Forestry could be developed. Interviews with Department of Environment in Pursat indicated that the number of concessions inside Samkos WS was increasing. Chinese hydropower is to start, where 3000 ha is in MOE area and 2000 ha is FA area but CPAs are not affected. And there are 10,000 ha set aside for mining, but no activities yet. There are rubber concessions of 4000 ha found in the Conservation Zone, which is outside the Community and Sustainable Use zone of CPAs.

Also Battambang cantonment mentioned that there is a need to engage in re-election of CF management committees because years have passed, and this could slow down the process unless tackled early on. Also bylaws need to be revised, to cater to business development. The Department of Environment in Battambang informed that there were 5 CPAs in Samkos WS.

For Kampong Speu (Kandal cantonment) it was informed that there were 15 CF and 13 approved by MAFF and three have agreement. In Aural district there are 9 CFs, approved but no Agreement yet. However, during 2011 in AWP of cantonment it shows that there are 10 sites to get Agreement in 2011 out of which 2 are in Aural and 8 in Baset district. These CF sites with Agreement are likely to be targeted by the SFM project in coordination with potential other sources of funding for CF development.

Summary of sites

Kampong Chhnang

Community Forestry: There are 33 Community forestry sites, 5 have Agreement and 10 more sites are approved and will have Agreement soon. There are 6 potential new sites (which may be piloted for other CF modalities?).

Community Protected Area: In KChh the CPAs are in Tuek Phos district in communes of Kbal Tele Tuol Kpous, Cheab. CPAs are impacted by the Ly concessions for sugarcane in Kampong Speu as people come to collect fuel wood up in Kampong Chhnang area.

Pursat

Community Forestry: There are a total of 57 sites out of which 44 have reached stage 6.2 but only 38 out of these have also got the Agreement. If SFM project is to work on landscape level approach and try to work with CPA inside Samkos WS from Pursat side, it means that Kravanh district, Samroung Triage, and Pramouy commune is the most obvious to start as well as in Veal Veng district. This commune has both CPA and CF.

Community Protected Area: CPAs have problems with concessions inside the PA, they have no legal Agreement as CPA Guidelines not endorsed yet so the CPA progress on reaching the steps cannot be legalized. All 10 CPAs in Pursat have poles erected to demarcate boundaries.

Battambang

Community Forestry: Battambang has 17 CF sites approved by MAFF. Now they need Agreement. **The SFM project assumes that these sites have Agreement in place once the work in the field of Battambang starts.**

Community Protected Area: There are 5 CPAs in Samkos WS in Battambang. There are also communities inside the Samlaut Multi-purpose Area under MOE. There are 3 villages inside the Samlaut area of BTB and 17 villages inside the Samlaut area of Pailin.

Kampong Speu

Community Forestry: In Baset there are 15 CF and 13 approved by MAFF and three have Agreement. In Aural district there are 9 CFs that are approved but no Agreement. However, in the cantonment's AWP 2011 supported by Danida there are 10 sites that will get Agreement in 2011 out of which 2 are in Aural and 8 in Baset.

No meeting with DOE of Kampong Speu was possible.

D. Synergy with other Projects supported by Development Partners

The target provinces of the SFM project coincide with provinces that are covered also by community forestry and natural resource management projects by other projects, such as the EU supported *Sustainable Forest Management and Rural Livelihood Enhancement through Community Forestry and REDD initiatives in Cambodia (2010 – 2014)* project implemented by RECOFTC in Pursat and the USAID supported project *Helping Address Rural Vulnerabilities and Ecosystem Stability (HARVEST) Project* which has an NRM component for CF and CPA in Pursat and Battambang.

Also projects supported by MIME through the WB project on rural energy are of importance such as the *Wood and Biomass Energy Strategy* (consultants' paper ready by December 2011), the *Sustainable Charcoal Pilot Project* (GERES with MIME and FA 100,000 USD ongoing) and the *Commercialization of efficient Cook Stoves Project* (not yet started due to halt in WB funding). All feed into a simultaneous preparation of the MIME *Rural Energy Strategy and Implementation Plan* leading to the *Renewable Energy Policy*. These initiatives are closely linked to the objectives of the UNDP/GEF SFM project. Furthermore, by 2012 the AFD will support MOE to work with CPAs in Phom Aural WS, Kampong Speu, on green charcoal plantations/biomass production, which likewise is similar to component 3 activities. Local NGOs like Mlup Baitong will implement local CF/CPA projects in Kampong Speu as well.

The representation of MOE and MIME in the Board and in the Inter-ministerial Focal Persons Team will provide a channel for further discussion of synergies and policy level lessons learnt on decentralised forest management and wood energy issues in Cambodia.

Synergy Building

Project for synergy with SFM	Thematic Areas	Implementing Agency	Key Activities and Synergy (description)	Common Provinces	Project Duration and Budget
<p><u>EU-funded</u></p> <p><i>Sustainable Forest Management and Rural Livelihood Enhancement through Community Forestry and REDD initiatives in Cambodia (2010 – 2014)</i></p> <p>The project consists of 5 components and targets 200 CF sites targeted by project covering 200,000 ha</p>	<p>CF Management Plan preparation</p> <p>Capacity Development</p> <p>The current CF Guidelines (Prakas, 2006) to be assessed for dropping high requirements for inventory where land is degraded. SFM project to bring separate lessons learnt on enterprise development to the revision of Guidelines</p>	<p>RECOFTC with OXFAM GB</p>	<p>RECOFTC works on 56 CF sites (7477ha). Among them are: *38 CF sites already approved by MAFF (5th April 2011) *15 CF sites (within Pheapimex ELC) to be submitted for MAFF approval *Development and Implementation of 47 CF Management Plans *Development of CF members' livelihoods. In Pursat RECOFTC will work with NGOs like EPDO, PVT, PK Also USAID works in Pursat through Fintrac and FFI</p> <p><u>Synergy:</u> Recoftc collaborates with SFM funding the preparation of inventory, SFM provides inputs to enterprise development aspects of management plans and funds a consultant on business plan development for up to 10 CF sites in Pursat which may be sites where RECOFTC and FAC have done inventory. SFM works on establishing women's groups for enterprise development. The RECOFTC project does not cover CPA and does not have landscape approach, which SFM will add to this</p>	<p>Pursat</p> <p>(9 provinces/ 7 cantonments with RECOFTC responsible for three provinces where Pursat is one of them, Oxfam six provinces)</p>	<p>2011-2015</p> <p>1,634,724 Euro from EU</p>

<p><u>Ministry of Foreign Affairs, Finland</u></p> <p><i>ForInfo: Livelihood Improvement through generation and ownership of forest information by local people and services market Project</i></p>	<p>Over the next three years, the project will establish best practices for generating information about forest resources and will test these practices at pilot sites. It will also develop mechanisms to share information and field-tested methodologies throughout the region and assess the role of information management in local people's access to benefits.</p>	<p>RECOFTC</p>	<p>In Cambodia RECOFTC has sub contracted GERES (Groupe Energies Renouvelables, Environnement et Solidarités) to undertake study of fuel wood extraction in Pursat.</p> <p>This study will feed directly into the Component 3 of the SFM project dealing with wood energy efficiency in Pursat</p>	<p>Regional: Cambodia, Lao PDR, Thailand and Viet Nam</p>	<p>2011-2014</p> <p>US\$2.8</p>
<p>USAID</p> <p><i>Helping Address Rural Vulnerabilities and Ecosystem STability (HARVEST) Project</i></p>	<p>Project focuses on 4 components: Increased Food Availability, Increased Food Access, Improved NRM and Resilience to Climate Change, and Increased Capacity of Public, Private and Civil Society.</p> <p>The NRM component covers Pursat and Battambang and will in these two provinces interact with SFM project.</p>	<p>US Company Fintrac and Fauna and Flora International (NGO)</p>	<p>4 CF sites would be covered by the Fintrac-FFI for rural livelihoods improvement.</p> <p>Work with 4 CF sites in Pursat near Samkos.</p> <p>Unclear how the project will work with FAC to prepare management plan and enterprise development. The project is not implemented as national execution and planning for synergy through FAC may be difficult.</p> <p><u>Synergies:</u> SFM supports the ratification of MOE CPA Guidelines to ensure legal framework of CPA</p>	<p>Pursat province 4 CF sites earmarked by Fintrac mid 2011 in Kravanh district:</p> <p>Baktra, Roveang</p> <p>Veal, and</p> <p>Kol Totueng</p> <p>In Battambang it is not yet know which sites the HARVEST project will focus on</p>	<p>2011-2015</p> <p>56 million USD</p>

	Through work of FFI the project will cater to CPA of Samkos WS. Not yet clear which activities are to be implemented with the CPA and how many CPA.		<p>management plans.</p> <p>SFM can provide broader lessons learnt by also working in Aural</p> <p>SFM contractor to make AWP for CPA together with FFI and GDANCP</p> <p>SFM to provide inputs to regulatory framework on enterprise development in CPAs. On this theme the SFM will also work with AFD support to Aural CPA for woodlot and green charcoal enterprise development</p>		
<p>CI</p> <p><i>Central Cardamom Mountains Program</i></p> <p>Central Cardamom Program: forest and biodiversity protection,</p> <p>Land use planning and rural livelihoods improvement for the natural protection</p>	Work with CI to follow the CF guidelines and developed Community-based Conservation Forest in Protection Forest in Pursat	CI builds FA capacity in this way so they are ready when the trust fund comes	<p>SFM may work with CI in Protection Forest to develop fully the Community-Based Conservation Forest</p> <p>And possible Eco tourism development</p>	Main areas are in Pursat and Koh Kong provinces	150,000 every six months fr rangers from CI budget
AFD & CI & FFI and others	• Trust Fund for the Cardamoms	FA	Trust fund ready by mid 2012. FA will be in control, fund to be established in Singapore as Cambodia does not have the		1.5 mill – 4 mill from French Environment

			<p>system for trust funds yet</p> <p>The interest from trust fund will be used to pay rangers, law enforcement, community conservation forestry</p>		Fund & CI etc
AFD	<p>Project under preparation for Aural WS</p> <p><i>“Protection of Aural Mountain Wildlife Sanctuary”.</i></p>	MOE	<p>One component of the project will address CPA management plan development to supply green charcoal kilns</p> <p>Synergy: This will have clear synergy with the SFM project that includes the same kind of investments, primarily for CF sites, but also for CPA if feasible.</p>	Aural Wildlife Sanctuary	<p>2012</p> <p>Budget not known</p>
Danida	<ul style="list-style-type: none"> • FAC forest management plans, • Gender mainstreaming: training and awareness raising, • Develop M&E FA manual, • Develop forest demarcation manual, • Strategic planning for CF development: Potential areas for CF sites and NCFPCC. 	Danida	<p>Targets for forestry by December 2011</p> <p>Identified targets during the Bridging Phase for this component relevant for SFM are as follows:</p> <ul style="list-style-type: none"> *At least 100 more CF sites approved and registered *At least 5 CF management plans developed and approved *At least 2 agro forestry pilots implemented in Kratie and Kampot *Training needs assessments carried out *Focused institutional capacity building support provided to administration, finance and planning staff at national 	For five FACs of Kandal FAC, Kampot, Kratie, Ratanakiri, and Mondulhiri supporting annual work plan development and implementation for 2011 and 2012	2011 - 2012

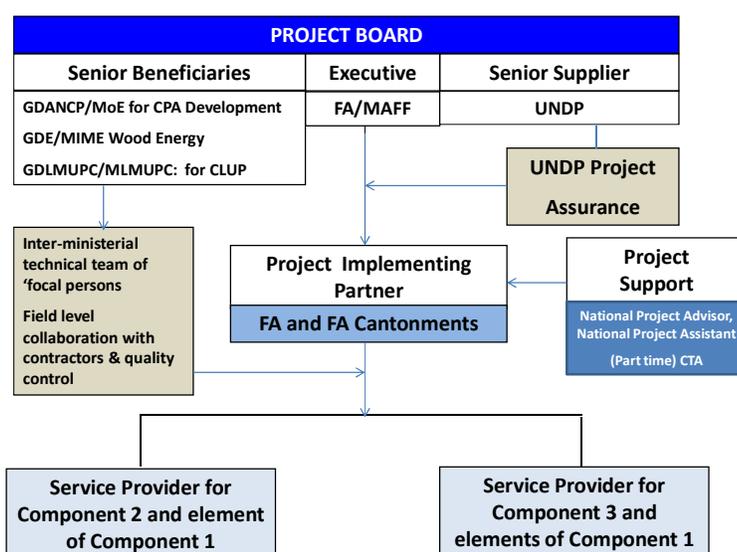
			<p>levels within FA</p> <p>*40% of all FA staff have received gender awareness training</p> <p><u>Synergies:</u></p> <p>Kg. Speu province will have five management plans ready as result of Danida support when SFM project starts and cantonment has experience to follow up</p> <p>SFM to follow up on regular preparation of NFP-aligned AWP in cantonments</p> <p>Lessons learnt from management plan preparation</p> <p>SFM to build on results of Danida-funded capacity needs assessment</p>		
<p>World Bank MIME</p> <p><i>Rural Energy Strategy Program</i></p>	<p>Following projects:</p> <p><i>Wood and Biomass Energy Strategy</i> (consultants' paper ready by December 2011), the <i>Sustainable Charcoal Pilot Project</i> (GERES with MIME and FA 100,000USD ongoing) and the <i>Commercialization of efficient Cook Stoves Project</i> (not yet started due</p>	<p>General Department of Energy, Energy Development Department, MIME with contracts to consultants</p>	<p><u>Synergies</u></p> <p>The interventions carried out by MIME are very closely aligned to interventions under Component 3 of the SFM project and the Outcome 3 of SFM is in clear support of MIME as well as all the factors linked to WOOD SUPPLY which is under FA jurisdiction.</p> <p>The SFM project will support the revitalization of the Wood Energy Working Group where both GDE and FA are members as well as GDANCP. The latter</p>	<p>All four provinces</p> <p>Nationwide alternative wood fuel supply may originate in CF, agroforestry, farm forestry, private woodlots and energy plantations, and rubber plantations</p>	<p>Rural Energy Strategy Program</p>

	to halt in WB funding). All feed into a simultaneous preparation of the <i>Rural Energy Strategy and Implementation Plan</i> leading to the <i>Renewable Energy Policy</i>		two are the agencies meant to control forest degradation from excessive commercial fuel wood and charcoal demand. Clear collaborating arrangements are to be promoted at province level between Energy and the Cantonment and possible action plans related to forest areas under highest pressure can be jointly prepared.		
UN-REDD	Forest carbon credit for community forests	FA/MAFF	Support to implementation of NFP Investigation of how to integrate REDD+ into community forestry regulations and protection forests Investigation of Conservation Concession models		
UN-REDD		GDANCP/MoE	Development of subsidiary regulations under the PA Law (CPA <i>prakas</i> , PA zonation, etc.)		
FAO: CF project development called: <i>Enhancing Community-Based Forest Management & Utilization for the Improvement of Rural Livelihoods in Cambodia'</i>	Development of CF enterprise. The synergy could be incorporated with SFM in enterprise policy development and or replication.	FAO, FAC/FA/MAFF	The synergy will be related to experiences in enterprise development for CF and feed back to the policy development level for amendments to the CF Guidelines to cater to step 9 for enterprise development	Mondulkiri, Kratie, Stung Treng and Ratanakiri provinces	Funded by the Spanish Agency for International Development Cooperation (AECID) 2010-2014 Budget?

E. Implementation Arrangements and Communication Strategy

The implementation follows the UNDP National Implementation (NIM) modality. The Forest Administration is the Implementing Partner. Service providers (NGOs) will upon successful tender receive a contract to provide technical assistance. Service providers are considered 'responsible parties' in NIM terminology. They are responsible to the FA as the Implementing Partner as it was decided during the Inception Phase that the FA holds the contract with these Service Providers. TORs for Bid 1 and Bid 2 have been prepared and are found in Annex 3.

Project Management Structure



Overall mandated technical responsibilities of government agencies

The forest administration is responsible for

- Project Management
- Support to community-based forest management on FA land for FA production forests
- Support to development and replication of four models of community-based forest management
- Support to the development of a favourable enabling environment within the context of the Forest Law.
- Assign dedicated staff to support project implementation
- Host the project by providing office space to project staff at national and provincial level.
- Effectively support project implementation in partnership between NGOs, private sectors, MOE, MIME, and FA.
- Provide an effective leadership in solving project management issues.

The GDANCP is responsible for

- Provision of guidance and oversight to the project through membership of the Project Board
- Assign dedicated staff to work with relevant components and activities of project
- Representation of the interests of communities on MOE's Protected Areas land, through membership of the Project Board

- Support to community-based conservation and protected area management on MOE land
- Support to development and replication of models of community-based conservation and forest management (CPAs) with a business development approach for the CPA management plans
- Support to the development of a favourable enabling environment within the context of the Protected Area Law.

The General Department of Energy (MIME) is responsible for

- Provision of guidance on energy-related issues, through provincial collaboration for implementation of Component 3 and membership of the Project Board and inter-ministerial team of focus persons
- Support to the development, promotion and dissemination of technologies and businesses that reduce unsustainable demand for fuel wood
- Production of Wood and Biomass Residues Energy Strategy and Plans

The Department of MLMUP in MLMUPC is responsible for

- Provision of guidance and oversight to the project through membership of the Project Board, particularly on issues related to land use planning (provincial, district and commune level) such as PLUP and CLUP
- Support to the integration of issues related to community-based forest management and conservation in mechanisms of land use planning and state land mapping

The suggested *inter-ministerial technical team of focal persons* from the line ministries will meet regularly and support the coordination of field implementation. See TOR in Annex 2.

The NIM (National Implementation) modality is the UNDP format for a Program Based Approach that follows the Paris Declaration (2005) on donor harmonization and government ownership. It means that Government will exercise full ownership and the partnership includes all stakeholders in a common effort. In forestry the NFP is the vehicle for the PBA. A Danida-supported analysis with FA during September – October 2011 will address coordination linkages that include both aid coordination (in TWG-FE and supported by the TWG-FE Secretariat) and internal FA coordination (e.g. between Department of Administration and Planning/DAP and Department of Monitoring and Evaluation/DM&E). This area also includes linking aid coordination with internal FA coordination and it also touches upon communication and coordination linkages between FA and pertinent MAFF entities. The results of the analysis are ready by beginning of October 2011 and can help fine tune the modality for the SFM project implementation. For additional information see Section G and Annex 4.

Field Level Implementation

The TORs for the RFP indicate contractors' required staffing for some positions, like full time business plan development advisor for Component 2 and 1 provincial coordinator for each province, also for Component 2. **At central level one staff must be permanently stationed in the SFM office in FA.** At provincial level it is requested in the TORs for Bid 1 (Comp 2) that there is ONE coordinator in each of four cantonments. The deployment of such coordinator will be vested in the Component 2 contractor and should be included in the Financial Proposal **with the understanding that the person will also cater to the FAC-related activities of Component 3, which activities are relatively limited compared to those of Component 2.** Component 2 will need the coordinator to interact with FAC and the Department of Environment and the PA. Component 2 will also need the coordinator to interact with Department of Land Management for the four CLUPS to be prepared. The

technical and financial proposal must indicate the total number of long term and short term staff envisaged.

Technically, the service provider for Component 2 (Bid 1) will work with up to three ministries in the field: FAC, Department of Environment and potentially Department of Land Management for areas, where CLUPs are carried out. The service provider for Component 3 will work with two ministries: FAC and the provincial office of the General Department of Energy. The degree and specifics of involvement of agencies outside FA(C) will be outlined for each year in Annual Work Plans (AWP) prepared by the service provider together with government staff concerned and endorsed by the Project Board where also MOE, MIME, and MLMUPC are represented. Component 3 will need to interact with FAC for development of community forestry management plans for five sites to develop woodlots for fuel wood and green charcoal. For many other activities under Component 3 the contractor will need the collaboration with the Department of Energy Development provincial office that may also provide quality control.

For field collaboration with the involved line agencies, the service providers must upon signing a contract with FA enter into an MOU with the different provincial departments with which they will work to confirm that funds for the concerned departmental staff to participate in SFM activities (dsa and fuel and others) will be provided by the contractor. The actual amount will be specified each year in the Annual Work Plan prepared by contractors together with relevant line agencies and endorsed by the project board. **This means a lump sum for the duration of the project must be included in the Financial Proposal submitted in response to RFP. The contractors are advised to consult provincial line agencies to assess the budget needs by year to come up with a realistic figure.** Regarding the Flow of Funds, see Section G. below.

Communication Strategy

Structures set up at central level

Several meetings between UNDP, consultants and FA have been held to set up mechanisms for sharing information among stakeholders in Inception Period. It included the General Department of Energy, Energy Development Department; the GDANCP and the Department of Land Management and Urban Planning, in addition to several development partners and NGOs (see Annex 8). All interested stakeholders have received the Project Summary Paper. The draft TORs for the RFP have been shared with FA and GDE for comments. Ease of informal communication has been facilitated by smooth email contact with MIME and MLMUPC. The FA and UNDP held informal consultative meetings on 2nd and 8th September where also MIME participated in the meeting on the 2nd September to discuss ownership and flow of funds and identify roles. MIME through the General Department of Energy wishes to have a supervisory role in the implementation of Component 3 as many of component 3 activities must comply with MIME standards.

The highest level of inter-ministerial collaboration and communication will take place in the Board which meets twice a year. On a more regular basis the suggested “Inter-ministerial Technical team of Focal Persons” is planned to meet quarterly, see the TORs in Annex 2. This is part of the communication strategy to have three designated technical focal persons from other ministries that together with the project manager constitute a team that meets quarterly to discuss the ongoing work plans and deployment of government staff to assist the implementation. Partnering skills and a willingness to establish working relations are here

important. The expenses incurred for such meetings will be covered by the project. Minutes of meetings will go on project files and provide a learning experience and guide field implementation as well as the policy level.

Central level communication

At *central level* it is the responsibility of the Project Manager to oversee the staff in the SFM project office in FA (representatives of two contractors, the national project advisor and assistant and periodic international consultants) and keep in contact with the three other ministries' focal persons. Letters have been sent by UNDP to MOE, GDANCP, to General Department of Energy, MIME and to MLMUPC to designate a focal person with whom the project manager and national advisor can interact easily by telephone or email. The FA will follow up with its own letters.

In preparation for inter-ministerial coordination and communication an informal inter-ministerial technical meeting was held on 2nd September 2011 in FA to discuss roles and responsibilities in the SFM project. GDE participated with Dep DG and Director of Department of Energy Development and international advisor. GDANCP did not participate. DLMUP was unable to attend because concerned persons were abroad. Clearly, the GDANCP is seen to be responsible for the 10 CPA to be supported in the project under Component 2 and many activities in Component 3 are under the mandate of MIME, Department of Energy Development. A clear role for the Energy Department is envisaged to support and provide quality assurance to the implementation of Component 3. The project's aim to apply the CLUP decree in order to work with commune councils warrants communication with the MLMUPC's Department of Land Management and Urban Planning.

Communication mechanisms at *central level* include the above mentioned agencies as well as the TWG F&E and the National Community Forestry Program Coordinating Committee (NCFPCC). These bodies are deemed the most appropriate communication channels for forestry issues and these bodies will be able to identify which additional audiences should be involved. The messages provided must be supported by credible evidence. Therefore, the contractors will, through the Community Forestry Office and the TWG, establish procedures for providing these aforementioned bodies with analytical results that feed into revisions of the regulatory framework covering alternative CF modalities and enterprise development.

A particular mechanism for inter-ministerial communication on wood energy efficiency will be the revival of the **Wood Energy Working Group** established by MIME *prakas* in 2006. The WEWG features GDE, FA, GDANCP, and Climate Change Office as well as a few temporary consultants back in 2006. It is understood that MIME can issue a new *prakas* in 2011 to revitalize the working group and indicate its membership by designation of position in the administration rather than by name. A number of persons listed in the 2006 *prakas* have changed position since 2006.

Lessons learnt on inter-departmental collaboration at provincial/cantonment level must be consolidated by contractors and informed to the groups and committees. Such lessons would deal with identifying enabling conditions and bottlenecks for interaction.

Provincial Level Communication

The service provider for Component 2 will deploy a coordinator in each province to work out of the cantonment office. As stipulated in the TORs for the bids, this coordinator will also cater to CF related work under Component 3, which is deemed to be of limited volume and therefore not requiring a separate a CF/CPA coordinator located in FAC. The coordinator

will during the mobilisation period visit the other provincial departments of environment, energy and land to inform about future joint activities together with representative of service provider for component 3. The Summary of the Project and the project information sheet will be handed out and the first AWP prepared with these departments as well. Regular meetings (to be budgeted for fuel and dsa) will be held to discuss what has happened over the last month and what happens next month and what the constraints are (skills, funds, community interest, commune council interest).

At community level

Networks among CFs already exist in Cambodia. Stronger networks of CFs and possible CPAs at provincial levels are warranted. Whether they can be part of the same networks will depend on identifying a provincial agency/NGO that will integrate both CF and CPA for regular sharing of experiences at least as long as the project lasts. The aim of FA is to see a provincial Community Forestry Program Coordinating Committee established. Cantonment PCFPCC, however, will not cater to CPA and Department of Environment will not cater to CF. If in the same commune, the project may facilitate the commune council hosts a workshop with both CF and CPA combining it with preparation of a CLUP.

F. Capacity Building Strategies

The SFM project has several entry points to address capacity building. In 2000-2002 the GEF Secretariat and UNDP collaborated on a global Capacity Development Initiative (CDI) to set up a framework to identify capacity development dimensions at these three levels outlining 11 core functions.¹ However, the project must focus selectively because it has limited resources. It will therefore **focus on capacity building needs at the individual level** of the central line department staff members and line department staff in provinces and districts, and secondly, it will implement selectively targeted training sessions for central, provincial, district and commune staff on how to mainstream SFM in their day to day work. Thirdly, it will use the field activities with farmers and villagers as a basis for 'learning by doing' for all parties.

The capacity building needs *at individual level* of Cantonment staff for CF development and of the Department of Environment staff for CPA development have been analyzed in a *Capacity Building Needs Assessment* (CBNA) undertaken by CBNRMLI and RECOFTC at the start of 2011. The analysis aimed to feed into a capacity building strategy for the National Forest Program (NFP) as well as policy implementation for CPA development. The CBNA report is thus to serve as a tool for all stakeholders to develop capacity building plans and

¹ It was suggested that indicators for capacity development cover 11 core functions:

- (a) awareness and knowledge;
- (b) national policy, legal and regulatory frameworks;
- (c) institutional mandates, coordination, and processes for interaction and cooperation between all stakeholders;
- (d) information management, monitoring and observation;
- (e) mobilization of science in support of decision making;
- (f) financial resources and technology transfer;
- (g) incentive systems and market instruments;
- (h) negotiation skills;
- (i) cooperation and networking within regions;
- (j) institutional management and performance; and
- (k) individual skills and motivation in key institutions

strategies, set priorities and moving forward CF and CPA development, sometimes with joint training and sometimes in learning by doing as separate training by each line agency.

The CBNA addressed the Competency Profile of government staff. It undertook individual assessment and organizational assessment. It carried out interviews with 74 people in 43 different positions. The overall priority capacity building needs across all categories were:

- *Undertaking the establishment of CF and CPA plans*
- *Identifying Sustainable Livelihoods*
- *Marketing and Enterprise Initiatives/Development*
- *Natural Resource Management*
- *Ecological Surveying*
- *Environmental Impact Assessment*
- *Methodologies for Socio-Economic and Cultural Assessments*
- *Research Skills*

The SFM project service providers will together with cantonments and departments of environment consult the results of this capacity building needs assessment report ascertaining the priority needs.

It is recognized clearly by the SFM project that the cantonment staff along with provincial staff of MOE, MIME and MLMUPC supported by technical assistance from the service providers are the main instruments in achieving the project results and that their capacity therefore is decisive. The FAC, GDANCP, GDE and other line agencies at provincial level are the main actors to work with communities in a participatory manner and provide technical guidance. Therefore capacity building activities in the SFM project will primarily target this staff.

Capacity building needs will be documented again in the overall **baseline** to be established by the contractors at start-up. It will include information from cantonment/provincial departments on their capacity and learning needs. Where training programs are designed it is important that contractors make sure that the trainees each have a work plan to carry out after training, so that immediately after training it will allow him/her to practice what was learnt, otherwise the training will be forgotten. Therefore, most training will be linked to subsequent learning and practicing by doing. The impact will be assessed as an ongoing process, including self-assessment as part of capacity building itself. The project will establish and agree with partner organizations the mechanisms and criteria for evaluation of capacity building and training outcomes so the monitoring can be integrated in *ongoing* project reporting.

It is expected that some training will be geared to line departments separately, while other training, such as how to prepare business plans can include cantonment as well as Dept of Environment/PA staff. In each case an assessment will be made as the Danida 2006 assessment of lessons learnt in the Natural Resources and Environment sector stated that it proved difficult to provide capacity development across sectors and recommended focusing on existing organizational structures to be sustainable.²

² *Lessons learned from the Natural Resource and Environment Programme.* Danida supported NRE Programme 2001-06, Royal Danish Embassy, Development Cooperation Section, Phnom Penh 2006

Capacity building at the organizational level (as against the individual level) is addressed in a supplementary study. Danida is currently Sep 2011 undertaking a major capacity development needs assessment of FA and 2 pilot cantonments. This will include the preparation of a proper training plan related to the whole of the NFP. By November 2011 a draft 3-year training plan will be sent out for comments to stakeholders and the SFM project stakeholders must clearly identify the areas of high importance to its objectives and work plans and identify where it will contribute to the training plan activities.

A specific kind of training to be established by the SFM project is linked to both component 3 as well as component 2. The contents of the training will not be the same but both will relate to the establishment and use of possible sustainable financing mechanisms (including carbon funding) in order to permit the start-up of new wood energy efficiency initiatives and forest-based businesses without direct project support in the future. The TORs for RFP specifies this requirement.

Gender mainstreaming and capacity to think gender issues into day to day implementation is highlighted in the TORs for RFP. Separate gender training by FA is already established with the training team of FA, which during 2011 is providing training to selected cantonments under a Danida-sponsored gender training program. Training manuals in Khmer have been prepared and will be examined by service providers' staff for suitability to community forestry and CPA development.

For overall NRM and environment management capacity the SFM Project Document Annex 14 contains a score card which is a generic scorecard that can be applied by the end of the project.

Beyond the technical capacity to work with communities and prepare business development plans, the FA at central level needs capacity building to establish transparent mechanisms on how to handle donor funds under a PBA. The FA procurement and management staff will need capacity building in the way to apply the NIM guidelines of UNDP. UNDP will provide such training once the FA's SFM team, including procurement officer and accountant, has been assembled by the project manager. This will ensure greater efficiency (reduced transaction costs) and effectiveness for long term sustainability, which is a precondition for project results. The issues to be covered by such capacity building are outlined below and in annex 4 and outlined in less detail in Section G below.

G. Implementation and Financial Management

The SFM project is implemented as a National Implementation (NIM) project. This means the FA is responsible for the management and delivery of program activities to achieve project results. Government regulations, rules and procedures apply to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. UNDP can provide support services to national implementation as a Responsible Party and such services, and the cost involved, shall be detailed in a Letter of Agreement. For the SFM Project the Letter of Agreement is in place. The SFM project has in the Inception Phase judged that the RGO Priority Operational Cost (POC) system will not be operational during the four years of operation. The project has therefore not prepared POC systems because the system would have come to an end before it would become operational in the SFM project. Should FA and other government agencies wish to implement the POC, it can be implemented (Annex 9).

The Cambodia *National Implementation by the Government of UNDP Supported Projects: Guidelines and Procedures*, dated 1st July 2011 has been provided to the FA to be the official operational guidance of the project. The accountability of an implementing partner is specifically defined as the responsibility to:

- Report, fairly and accurately, on project progress against agreed work plans in accordance with the reporting schedule and formats included in the project agreement;
- Maintain documentation and evidence that describes the proper and prudent use of project resources in conformity with the project agreement and in accordance with applicable regulations and procedures. This documentation will be available on request to project monitors and designated auditors.

An Implementing Partner may enter into agreements with other organizations or entities, known as **Responsible Parties**, who may provide goods and services to the project, carry out project activities and produce project outputs. Responsible parties are accountable directly to the implementing partner. In the SFM Project, particular responsible parties are the service providers that will be contracted by FA upon successful response to RFP.

Annex 4 of the present Inception Report “NIM Manual applied to SFM project” contains the relevant sections pertaining to the SFM project. Annex 4 describes managing the financial resources, setting up a financial information management system, documenting financial transactions, opening a project bank account and disbursements. It also contains the sections on Procurement of Goods and Services, in particular the Request for Proposal to attract services. It includes notes on procurement review and the role of the Committee for Contracts, Assets and Acquisitions (CCAA) to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies.

It has been noted that FA seems not to have its own procurement manual for donor funded PBA based projects except the manuals of the secretariat that are geared to Danida/DFID funds. There are a number of options to be discussed and decided by FA and UNDP in September/October because the budget prepared for 2011 should be delivered. This means the FA must call for proposals and enter into contract with service providers in 2011. FA can ask MAFF to procure on its behalf using MEF Procurement Manual or FA can endorse the use of the UNDP NIM Manual. This requires UNDP to start as soon as possible capacity building of selected FA staff and UNDP must assist FA to prepare the solicitation documents for RFP and make sure the invitation letters and TORs are ready beginning of October and advertised.

Following NIM Manual means the FA will set up a for a period of two years a Committee for Contracts, Assets and Acquisitions (CCAA) to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies. Also an evaluation committee to assess the proposals must be established. Bidders need at least a month to write proposal and committee to evaluate maybe up to five proposals also needs some weeks. Thus, by start of October 2011 there are a number of activities that need to be put in motion.

Financial management capacity building

A detailed financial management capacity assessment is required for partners that receive or are expected to receive over \$100,000 per year in total funds from UN agencies. UNDP has already carried out a micro-assessment of the FA, a so-called Harmonized Approach to Cash Transfers (HACT) micro-assessment of financial management capacity by end of 2010 which found that the risk of channelling funds to FA was low, but that some weaknesses existed. It is noted, though, that the HACT assessment of FA handling of donor funds focused on the TWG Secretariat, which over the recent years has channelled up to 10 million USD from Danida and DFID. This secretariat has clear procurement and accounts manuals linked to these funding arrangements. The secretariat located in FA but it is not an FA entity. Thus, the TWG-FE and its secretariat must *“take care not to replace genuine line department or ministry tasks. The planning of targets, identification of priority areas and definition of indicators as well as the actual implementation and monitoring is basically a Government responsibility supported as a joint measure by donors.”*³ The present SFM project is **not** embedded in the TWG secretariat and it is still by September 2011 uncertain which procurement rules will be in place in FA for the SFM project. Eventually, the SFM project will gradually interact directly or indirectly with the Department of Administration and Planning/DAP and Department of Monitoring and Evaluation/DM&E.

The informal technical meeting on the 8th September between FA and UNDP focused on the NIM modality. The meeting recognised the FA wish for national execution and for FA to undertake the RFP, recognising, however, that UNDP needs to do a capacity assessment of FA on how it procures and manages donor funds and how it will manage the Request for Proposal and the solicitation documents. **Initially, staff of UNDP Management Support Unit and UNDP Procurement will interact with FA to assess the mechanisms in place. This assessment to be carried out in September 2011** may recommend to employ a consultant, e.g. financial analyst and auditor, to design the Operational Mechanisms of the SFM project’s NIM modality, because neither UNDP nor FA has the experience of a full NIM. During the Inception Period it was decided by UNDP (and the Inception Advisor was instructed accordingly) not to develop a separate Operational Manual for the SFM project because “the UNDP NIM Manual would be the overall guiding manual”. However, to attend to the specific features of the SFM project a separate **detailed** guideline may be established by a national financial expert paid as short term consultant by the project.

In order for UNDP to transfer funds to FA, the UNDP needs to be informed in writing by FA and given a copy of the standing rules and policies. For all contracts of US\$30,000 or more, the FA as Implementing Partner must appoint for a period of two years a Committee for Contracts, Assets and Acquisitions (CCAA) to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies. The **suggested composition of the CCAA should also be forwarded and** provided before end of September 2011.

Procurement/Request for Proposal

The method for service procurement in the SFM project is the Request for Proposal (> US\$100,000). A Request For Proposals leads to the selection of the proposal that best meets the specific requirements, including price and other factors included in the proposals received, according to the two-envelope method. During the Inception Phase the Technical

³ TOR for Joint Technical Working Group on Forestry and Environment (TWG-F&E)

Specifications, Terms of Reference, Evaluation Criteria and Minimum Qualification Requirements have been prepared by the Inception Phase consultant team. **The additional solicitation documents are prepared by FA with UNDP support as ‘learning by doing’.**

H. Monitoring and Evaluation

UNDP *Enhanced RBM Prescriptions for Deliverables* would apply to the way UNDP undertakes monitoring of the project. Presumably the Project Manager of FA cannot be asked to follow UNDP enhanced RBM and feed data into Atlas so this task will rely on the National Project Advisor. UNDP emphasizes Results Based Management (RBM) as a strategic management approach aimed at ensuring that activities achieve desired results, i.e. outputs generating outcomes generating impacts. Enhanced RBM System has been defined to support, among others, the wider processes of results management in UNDP. This integrates several of the performance management tools that have been developed independently within UNDP earlier. The *Project Strategic Results Framework* (Annex 1) incorporates a hierarchy of indicators ranging from the UNDP Country Programme Results at the top to SFM Results for the components below.

Indicators related to project outcomes *as they pertain to provincial level* AWP will be established for the AWP as ‘progress towards outcomes’ indicators. These indicators will at higher level feed into i) the project’s M&E framework and ii) the M&E system under development in FA to monitor initially completion of ‘activities’, later leading to a system of results monitoring once the overall systematic organisational set-up in FA is in place. In the SFM project the stakeholders at different levels can design their own indicators as part of project implementation **as long as these indicators are seen to contribute at a higher level to indicators that measure the success of the project as a whole.** By designing indicators with villagers and local government cantonments and other provincial agencies can learn to think about performance assessment, the use of management information, the design of information, and its use for organisational learning. All AWP and progress reports will be shared by cantonments and project with the other provincial departments, with a summary in Khmer.

The contractor will establish a baseline during the start-up of activity. The baseline will feed into the relevant monitoring framework for each particular activity, including capacity building. The indicators must help define the best practices and show the progress (or lack of progress) to promote the results. The indicators need to be context specific (“community forestry in XX commune provides the community with income). The defining of indicators will engage local communities in participatory monitoring and the definition of best practices that can be upscaled in other communities and be communicated through community learning networks. They also need to inform - through Project mediation - messages for mainstreaming SFM at policy level.

The baseline indicators for **capacity building** will build on the established capacity building needs assessment and capture the skills gained, for instance, by cantonment staff during the project’s implementation through learning by doing or training. This may encompass:

- Ability of FAC to work with nearby PA in a landscape based approach to CF and CPA

- Enhanced ability to prepare business plans with CF communities that link up to the private sector
- Enhanced competence in inter-sectoral planning for forestry and wood energy supply defined by concrete work accomplished
- Ability to perform gender-sensitive SFM/CF/CPA initiatives and monitor number of executed outputs in project proposed by women
- Ability to strengthen support and extension services to disseminate relevant SFM technology methods and techniques more effectively
- Ability to undertake role of TOT by training local level field agents and members of rural organizations in participatory approaches for the conservation and sustainable use of natural resources

Four types of indicators may be used: coverage (extent of reaching stakeholders, number of policies and plans adjusted to incorporate SFM, number investment decisions revised to incorporate SFM, number of risk reducing practices), impact (business plans ready, income increased, information management, change in stakeholders' behaviour, change in capacities, change in use of information systems,), sustainability (availability of skills necessary to continue), replicability (lessons learnt codified and disseminated).

A number of logs are linked to the monitoring, such as a *Risk Log* (See Annex 6) and Issues Log (Annex 7). These are activated in Atlas and updated by the National Project Advisor to facilitate tracking and resolution of potential problems or requests for change.

A Project Progress Report (PPR) is prepared each quarter. Its format is available from UNDP. The PPR covers the following: Risks and Issues, output level definition, and activity level definition including quality assessment and financial summary. The PPR will be prepared by Project Manager and National Project Advisor and submitted by the national Project Manager to the Project Board. Besides quarterly reports, an Annual Review Report (ARR) shall be prepared by the National Project Manager with assistance from National Project Advisor and shared with the Project Board. The ARR consists of the Atlas standard format for the PPR covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the output level defined in AWP of contractors.

Thus, the predefined targets at output level must be found in the Annual Work Plans of the contractors. An Annual Project Review (APR) meeting is conducted during the fourth quarter of the year to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review will be driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs and how these are aligned to outcomes. The contractors will also provide inputs to the completion of the annual *Project Implementation Review (PIR)* to be submitted to the GEF.

Periodic Monitoring through site visits

UNDP CO will conduct visits to project to assess first hand project progress. Other members of the Project Board may also join these visits. The Inter-ministerial Technical Team of Focal Persons may also as a team visit the field. A UNDP CO Field Visit Report/BTOR will be

prepared by the CO and will be circulated no less than one month after the visit to the project team and Project Board members.

Indicators in the project results framework, related to economic benefits resulting from participation in forest-based businesses, will be disaggregated by gender (at the moment when baseline and target values are defined – as stated in the results framework, values for these indicators will be defined at project start-up). This will be the responsibility of the contractor responsible for the component in question; however UNDP will provide advisory support on methodological aspects of the monitoring of gender, livelihood and participation considerations.

I. Multiyear Budget & Work Plan 2011 - 2015

Expected Output	Key Activities	Resp. Partner	Planned Budget				Timeframe				Amount in US. Dollars						
			Fund	Donor	Account	Budget Description	Q1	Q2	Q3	Q4	2011	2012	2013	2014	2015	Total	
Output 1. Increased capacity and supportive legal framework and financial strategies for all CF and CPA modalities in place including possible REDD carbon financing and wood biomass energy strategic results.	Activity 1. National capacities and tools exist to facilitate the widespread implementation of sustainable community-based forest management and technologies that reduce demand for fuel wood	001981 UNDP	04000 TRAC	00012 UNDP	71200	International Consultants	X	X	X	X	47,486	40,000	40,000	40,000	34,000	201,486	
		002515 FA	04000 TRAC	00012 UNDP	71400	Contractual Services - Individual	X	X	X	X	-	20,000	20,000	20,000	20,000	80,000	
		001981 UNDP	04000 TRAC	00012 UNDP	71600	Travel and Meetings	X	X	X	X	3,400	3,000	5,000	5,000	-	16,400	
		Sub - Total TRAC										50,886	63,000	65,000	65,000	54,000	297,886
		001981 UNDP	62000 GEF	10003 GEF	71200	International Consultants	X	X	X	X	-	30,000	30,000	16,660	-	76,660	
		002515 FA	62000 GEF	10003 GEF	71400	Contractual Services - Individual	X	X	X	X	11,694	20,000	-	-	-	31,694	
		002515 FA	62000 GEF	10003 GEF	71600	Travel and Meetings	X	X	X	X	2,000	8,000	-	8,000	-	18,000	
		002515 FA	62000 GEF	10003 GEF	72100	Contractual Services - Companies	X	X	X	X	125,000	150,000	150,000	120,000	-	545,000	
		002515 FA	62000 GEF	10003 GEF	72200	Equipment and Furniture	X	X	X	X	2,500	20,000	-	-	-	22,500	
		002515 FA	62000 GEF	10003 GEF	72500	Supplies and Stationery	X	X	X	X	1,000	-	-	-	-	1,000	
		002515 FA	62000 GEF	10003 GEF	72400	Communic & Audio Visual Equipment	X	X	X	X	-	2,000	-	2,000	-	4,000	
		002515 FA	62000 GEF	10003 GEF	74500	Miscellaneous Expenses	X	X	X	X	500	500	500	500	-	2,000	
002515 FA	62000 GEF	10003 GEF	75700	Training, Workshops & Conference	X	X	X	X	45,000	-	-	-	-	45,000			

		Sub - Total GEF								187,694	230,500	180,500	147,160	-	745,854			
		Total - Activity 1								238,580	293,500	245,500	212,160	54,000	1,043,740			
<p>Output 2. CF and CPA sites integrated in local land use plans and CFs have management plans able to pursue business development, including energy woodlots.</p>	<p>Activity 2. Community-based sustainable forest management is being implemented effectively within a context of cantonment, province, district and commune level planning delivering concrete benefits to local communities</p>	001981 UNDP	04000 TRAC	00012 UNDP	71200	International Consultants	X	X	X	X	-	36,000	34,000	30,000	-	100,000		
		001981 UNDP	04000 TRAC	00012 UNDP	71300	Local Consultants	X	X	X	X	1,500	-	-	-	-	1,500		
		001981 UNDP	04000 TRAC	00012 UNDP	71600	Travel and Meetings	X	X	X	X	1,500	-	-	5,000	-	6,500		
		002515 FA	04000 TRAC	00012 UNDP	72100	Contractual Services - Companies	X	X	X	X	-	164,000	216,000	220,000	15,000	615,000		
		001981 UNDP	04000 TRAC	00012 UNDP	74500	Miscellaneous Expenses	X	X	X	X	500	500	500	500	500	2,500		
		Sub - Total TRAC											3,500	200,500	250,500	255,500	15,500	725,500
		002515 FA	62000 GEF	10003 GEF	71400	Contractual Services - Individual	X	X	X	X	5,000	6,000	-	7,200	-	18,200		
		002515 FA	62000 GEF	10003 GEF	71600	Travel and Meetings	X	X	X	X	5,000	-	-	-	-	5,000		
		002515 FA	62000 GEF	10003 GEF	72100	Contractual Services - Companies	X	X	X	X	133,306	146,000	115,160	120,000	-	514,466		
		001981 UNDP	62000 GEF	10003 GEF	72200	Equipment and Furniture	X	X	X	X	37,500	-	-	-	-	37,500		
		002515 FA	62000 GEF	10003 GEF	72500	Supplies and Stationery	X	X	X	X	1,000	-	-	-	-	1,000		
		002515 FA	62000 GEF	10003 GEF	73400	Rental & Maint of Other Equipment	X	X	X	X	3,500	8,000	-	8,000	-	19,500		
002515 FA	62000 GEF	10003 GEF	74500	Miscellaneous Expenses	X	X	X	X	200	500	200	500	-	1,400				
Sub - Total GEF											185,506	160,500	115,360	135,700	-	597,066		

Total - Activity 2											189,006	361,000	365,860	391,200	15,500	1,322,566	
Output 3. Efficient technologies for reduction CO2 emissions from wood biomass energy in place.	Activity 3. Small and Medium Enterprises ensure long term increases in adoption of efficient technologies that reduce fuel wood demand.	002515 FA	04000 TRAC	00012 UNDP	72100	Contractual Services - Companies	X	X	X	X	-	50,000	50,000	50,000	17,600	167,600	
		001981 UNDP	04000 TRAC	00012 UNDP	71600	Travel and Meetings	X	X	X	X	1,000.00	-	-	-	-	1,000.00	
		001981 UNDP	04000 TRAC	00012 UNDP	74500	Miscellaneous Expenses	X	X	X	X	500.00	500.00	500.00	500.00	500.00	2,500.00	
		Sub - Total TRAC										1,500.00	50,500.00	50,500.00	50,500.00	18,100.00	171,100.00
		002515 FA	62000 GEF	10003 GEF	71600	Travel and Meetings	X	X	X	X	5,000	13,000	-	-	-	18,000	
		002515 FA	62000 GEF	10003 GEF	72100	Contractual Services - Companies	X	X	X	X	200,000	200,000	168,767	168,767	-	737,534	
		002515 FA	62000 GEF	10003 GEF	72200	Equipment and Furniture	X	X	X	X	2,500.00	30,000.00	-	-	-	32,500.00	
		002515 FA	62000 GEF	10003 GEF	72500	Supplies and Stationery	X	X	X	X	1,000.00	5,501.00	-	-	-	23,001.00	
		002515 FA	62000 GEF	10003 GEF	74500	Miscellaneous Expenses	X	X	X	X	700.00	5,700.00	700.00	700.00	-	7,800.00	
		002515 FA	62000 GEF	10003 GEF	75700	Training, Workshops & Conference	X	X	X	X	45,000.00	-	-	-	-	45,000.00	
		Sub - Total GEF										254,200	254,201	169,467	169,467	-	863,835
Total - Activity 3											255,700	304,701	219,967	219,967	18,100	1,034,935	
Output 4. Gender Communication, M&E, Lessons Learnt Established Regularly for Policy Level Impact	Activity 4. Monitoring and, Learning, Adaptative Feedback & Evaluation	001981 UNDP	04000 TRAC	00012 UNDP	71600	Travel and Meetings	X	X	X	X	5,300.00	7,000.00	10,000.00	7,000.00	-	29,300.00	
		001981 UNDP	04000 TRAC	00012 UNDP	74200	Audio Visual & Print Production Costs	X	X	X	X	-	4,000.00	5,000.00	4,000.00	4,000.00	17,000.00	
		001981 UNDP	04000 TRAC	00012 UNDP	74500	Miscellaneous Expenses	X	X	X	X	500.00	-	500.00	500.00	-	1,500.00	

	001981 UNDP	04000 TRAC	00012 UNDP	75700	Training, Workshops & Conference	X	X	X	X	7,000.00	-	-	-	-	7,000.00	
	Sub - Total TRAC										12,800	11,000	15,500	11,500	4,000	54,800
	002515 FA	62000 GEF	10003 GEF	71200	International Consultants	X	X	X	X	-	-	-	30,000	-	30,000	
	002515 FA	62000 GEF	10003 GEF	71300	Local Consultants	X	X	X	X	-	-	-	-	-	-	
	002515 FA	62000 GEF	10003 GEF	71600	Travel and Meetings	X	X	X	X	5,000	-	-	-	-	5,000	
	002515 FA	62000 GEF	10003 GEF	72200	Equipment and Furniture	X	X	X	X	2,500	-	-	-	-	2,500	
	002515 FA	62000 GEF	10003 GEF	72500	Supplies and Stationery	X	X	X	X	1,000	-	-	-	-	1,000	
	001981 UNDP	62000 GEF	10003 GEF	74100	Professional Services - Audit Fees	X	X	X	X	3,000	4,000	-	4,000	-	11,000	
	001981 UNDP	62000 GEF	10003 GEF	74200	Audio Visual & Print Production Costs	X	X	X	X	7,000	-	-	-	-	7,000	
	002515 FA	62000 GEF	10003 GEF	74500	Miscellaneous Expenses	X	X	X	X	1,000	1,000	500	1,000	-	3,500	
Sub - Total GEF										19,500	5,000	500	35,000	-	60,000	
Total - Activity 4										32,300	16,000	16,000	46,500	4,000	114,800	
Output 5. Guidance, M&E, Audits carried out on time.	Activity 5. Project Management	001981 UNDP	04000 TRAC	00012 UNDP	71300	Local Consultants	X	X	X	X	20,950	15,000	15,000	20,000	5,000	75,950
		001981 UNDP	04000 TRAC	00012 UNDP	71400	Contractual Services - Individual	X	X	X	X	6,064	14,000	14,000	24,000	2,400	60,464
		002515 FA	04000 TRAC	00012 UNDP	71600	Travel and Meetings	X	X	X	X	1,000	5,000	5,000	3,000	-	14,000
		001981 UNDP	04000 TRAC	00012 UNDP	74500	Miscellaneous Expenses	X	X	X	X	500	5,000	2,000	500	1,000	9,000

001981 UNDP	04000 TRAC	00012 UNDP	75700	Training, Workshops & Conference	X	X	X	X	2,800	36,000	32,500	20,000	-	91,300
Sub - Total TRAC									31,314	75,000	68,500	67,500	8,400	250,714
002515 FA	62000 GEF	10003 GEF	71600	Travel and Meetings	X	X	X	X	5,090	10,000	-	10,000	-	25,090
002515 FA	62000 GEF	10003 GEF	72200	Equipment and Furniture	X	X	X	X	23,000	-	-	-	-	23,000
002515 FA	62000 GEF	10003 GEF	72400	Communic & Audio Visual Equipment	X	X	X	X	2,000	1,500	1,500	1,500	-	6,500
002515 FA	62000 GEF	10003 GEF	72500	Supplies and Stationery	X	X	X	X	1,000	5,000	-	-	-	6,000
002515 FA	62000 GEF	10003 GEF	73100	Rental & Maintenance- Premises	X	X	X	X	4,000	5,000	-	-	-	9,000
002515 FA	62000 GEF	10003 GEF	73400	Rental & Maint of Other Equipment	X	X	X	X	1,000	5,000	-	-	-	6,000
002515 FA	62000 GEF	10003 GEF	75700	Training, Workshops & Conference	X	X	X	X	-	37,790	-	-	-	37,790
Sub - Total GEF									36,090	64,290	1,500	11,500	-	113,380
Total - Activity 5									67,404	139,290	70,000	79,000.00	8,400	364,094
Grand Total									782,990	1,114,491	917,327	948,827	100,000	3,863,635

Costs Break Down by Account Codes	71200	International Consultants	11%	47,486	106,000	104,000	116,660	34,000	408,146
	71300	Local Consultants	2%	22,450	15,000	15,000	20,000	5,000	77,450
	71400	Contractual Services - Individual	5%	22,758	60,000	34,000	51,200	22,400	190,358
	71600	Travel and Meetings	4%	34,290	46,000	20,000	38,000	-	138,290
	72100	Contractual Services - Companies	67%	458,306	710,000	699,927	678,767	32,600	2,579,600

Prepared by:

Khorn Saret,
National Project Manager

Date: _____

Agreed by:

H.E Chea Sam Ang
National Project Director

Date: _____

	72200	Equipment and Furniture	3%	68,000	50,000	-	-	-	118,000
	72400	Communic & Audio Visual Equipment	0%	2,000	3,500	1,500	3,500	-	10,500
	72500	Supplies and Stationery	0%	5,000	10,501	-	-	-	15,501
	73100	Rental & Maintenance-Premises	0%	4,000	5,000	-	-	-	9,000
	73400	Rental & Maint of Other Equipment	1%	4,500	13,000	-	8,000	-	25,500
	74100	Professional Services - Audit Fees	0%	3,000	4,000	-	4,000	-	11,000
	74200	Audio Visual & Print Production Costs	1%	7,000	4,000	5,000	4,000	4,000	24,000
	74500	Miscellaneous Expenses	1%	4,400	13,700	5,400	4,700	2,000	30,200
	75700	Training, Workshops & Conference	6%	99,800	73,790	32,500	20,000	-	226,090
	Total			100%	782,990	1,114,491	917,327	948,827	100,000
Funded By	04000 - UNDP (TRAC)		39%	100,000	400,000	450,000	450,000	100,000	1,500,000
	62000 - GEF		61%	682,990	714,491	467,327	498,827	-	2,363,635
	Total			100%	782,990	1,114,491	917,327	948,827	100,000

ANNEX 1 STRATEGIC RESULTS' FRAMEWORK (Amended)

UNDAF 2011-15: By 2015, more people living in Cambodia benefit from, and participate in, increasingly equitable, green, diversified economic growth.

This project will contribute to achieving the following Country Programme Outcome as defined in CPAP 2011-15 Outcome 2: By 2015, national and local authorities, communities and private sector are better able to sustainably manage ecosystem goods and services and respond to climate change

Primary applicable Key Environment and Sustainable Development Key Result Area: Pro-poor, sustainable forest/protected area management and bio-energy productions accelerated

Applicable GEF Strategic Objective and Program: LD-SP 2, CC-SP1, CC-SP 4, BD-SP4

Applicable GEF Expected Outcomes:

- LD-SP2: Forest resources in humid forest margins, forest fragments and woodland resources in semi-arid and sub-humid ecosystems are managed sustainably as part of the wider landscape
- CC-SP1: Increased market penetration of energy-efficient technologies, practices, products, and materials in the residential and commercial building markets
- CC-SP 4: Adoption of modern and sustainable practices in biomass production, conversion and use for modern energy
- BD-SP4: Policy and regulatory frameworks governing sectors outside the environment sector incorporate measures to conserve biodiversity.

Applicable GEF Outcome Indicators:

LD-SP2:

- Each partner country adopts a new harmonized policy for SFM and/or a national land use policy adopted
- % of extension programs offered by key institutions reflects ecosystem principles and concepts in wider landscape management, including forest and woodland resources
- % increase in allocation of resources to sector ministries dealing with forest and woodland resources
- % increase in net and *per caput* access of forest and woodland dependant land users to rural credit facilities and/or revolving funds
- % increase in area where SFM best practices are applied

CC-SP1:

- Tons CO₂eq avoided

CC-SP 4:

- Tons CO₂eq avoided

BD-SP4:

- The degree to which polices and regulations governing sectoral activities include measures to conserve and sustainably use biodiversity

Strategy	Indicator	Baseline	Targets	Source of verification	Risks
Project Objective: to strengthen national SFM policy, integrate community-based sustainable forest management into policy, planning and investment frameworks and create markets for sustainable bio-energy technologies that reduce CO2 emissions	Stability of indices of ecosystem health, diversity and condition in target community-managed forests	To be determined as part of participatory resource assessment at project start-up	Indices remain at 100% of baseline levels	Participatory resource assessments carried out by community members	<ul style="list-style-type: none"> - Exclusion of local communities from Economic Land Concession areas or expansion of ELC into potential CF areas - Inadequacy of local governance conditions to allow threats to forests to be effectively combated - Failure by institutional partners to deliver or commit to the project and SFM - Limited use of cook stoves once purchased - Limited capacities in local communities to participate effectively in project activities
	Reduction in the deforestation rates in Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces, due to increases in the effectiveness of combating of threats due to strengthened community-based management, and reductions in demand for wood energy	Current average deforestation rate in Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces to be determined at project start-up through analysis of satellite imagery	Average between years 1 and 4 is 10% below existing rates in Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces' target areas	Satellite and/or aerial photography cross-checked with woodflow analyses and interviews with provincial staff and community forestry associations	
	Improvement in the canopy density and structure of forests in Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces, due to improved management and protection by forest communities and reductions in the levels of demand for wood energy	Current extent and status of degraded forest, in Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces to be determined at project start-up through analysis of satellite imagery	xx ha of degraded forest, representing xx% of total forest cover (baseline and target values to be determined at project start-up)	Satellite and/or aerial photography	
	Reduction in CO ₂ emissions nationally due to adoption of improved cook stoves	Total emissions from cook stoves are 500,000tCO₂e per year	Total emissions are 400,000 tCO₂e/year (a reduction in emissions of 61,043tCO ₂ e/year)	Official VER emission reduction audit reports	
	No. of CFs around the Cardamoms that have completed all legalization requirements to operate by EOP as an indirect result of SFM		125⁴	Reports by all projects working in the periphery of the Cardamon Complex	

⁴ This cover 36,000 has. area

	alliance with the other DP				
	No. of CPAs that have completed all procedural requirements to operate by EOP as an indirect result of SFM alliance with the other DP	20 have developed a number of steps under CPA guidelines	34 ⁵	SFM project is contributing to the completion of procedural requirements but do not control them	
Outcome 1: National capacities and tools exist to facilitate the widespread implementation of sustainable community-based forest management and technologies that reduce demand for fuel wood	Improvement in institutional capacities in FA and GDANCP, as combined rating measured by UNDP capacity development scorecard	12.5/33 (See Project Document Annex 14)	31/42 (See Project Document Annex 14)	Evaluations by groups of experts	
	A supportive legal framework exists for all models of community-based forest management and conservation mentioned in the NFP	Legal framework for CF defined in 2006 exists but framework for Production-based Community Forestry, Partnership Forestry and Community-based Conservation forestry still lacking	6 CF sites developed for Partnership Forestry, Production based CF or Community- based Conservation Forestry Regulatory framework amended to include the additional modalities of CF	Legislative instruments	- Failure of sector institutions to collaborate effectively - Limited political will for forest demarcation development
	Enhanced national capacities and political will in FA and GDANCP to coordinate & integrate development of CFs and CPAs in a decentralised landscape-based approach, integrating commune land use planning	Land Use planning by local authorities does not include attention to SFM	Communal land use planning in 4 communes where the project supports CFs and CPAs in Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces reflects SFM by integrating CF and CPA development and sustainability	TWG F-E Action Plan and Annual Reports Provincial Local Administration Unit (MOI), Cantonment and PA authority interact, reported by PLAU	- Limited financial support for forest demarcation development due to high costs
	No. of local budgeted development plans (CLUP) that integrates SFM through CF/CPA designed and approved by consensus among the local	0	4 CLUP	Interviews with Commune Councils	

⁵ This covers all existing CPAs in Kampong Speu, Kampong Chhnang, Battambang and Pursat, covering 23,673has. area.

	government institutions by Year 4				
	No. of CF and CPA management plans that incorporates SFM by Year 4	0 CPAs or CFs	30 CFs and 10 CPAs		
	National Wood Energy Implementation Strategy exists, incorporating private sector modalities	Wood & Biomass Energy Strategy will exist by end of 2001 produced by MIME	Component 3 will have prepared AWP to follow up on recommendations of Strategy	already produced by MIME	
	Annual volume of sustainable fuel wood produced from the wood lots starting Year X	0 Baseline to be established	X	M&E Review of fuel wood production and sales from wood lots	
	Financial strategies in MAFF and MOE to support SFM, including opportunities for REDD and carbon financing for sustained funding to support community-based forestry by Year 4	0	X Qtr Year 4	Draft Strategy documents	
	Financing generated from forest/wood energy related carbon credits by EOP	500,000	1,500,000		
	Financing generated from other funding sources (banks, green funds, etc.) by EOP	Near zero	500,000		
Outcome 2: Community-based sustainable forest management is being implemented	No. of FA cantonment and MOE PA offices that have community-based forest management development plans by EOP	0	4 ⁶	CF and CPA records in FA and MOE	- Limited private sector commitment to forest-based businesses due to unproven business potential

⁶ FA cantonments of Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces

effectively within a context of cantonment, province, district and commune level planning delivering concrete benefits to local communities	No. of management plans for CPAs in Aural and Samkos Wildlife Sanctuaries by EOP	0	10 ⁷ sites		<ul style="list-style-type: none"> - Limited productive options in target forests - Limited commitment among community members to organization and entrepreneurship - Internal rules for benefit sharing violated - Limited commitment among private sector and CBOs to develop relationships
	Baseline established allowing for regular monitoring for lessons learnt with respect to project results. Baseline to include gender segregated data on women's labor and income.	0	Indicators linked to baseline monitored regularly Gender sensitive targets established in AWP	Contractors' M&E PIR reports APR	
	No. of community forests (CFs and CPAs) are managed in accordance with management plans that provide for environmental and financial sustainability and opportunities for business development by EOP	0 CFs and CPAs	30 CFs and 10 CPAs ⁸	CF and CPA management and business plan documents Visits to CFs and CPAs and assessments using standardized monitoring tools (to be developed at project start-up)	
	No. of locally commune-based land use plans/ CLUP for SFM based on CF/CPA development	0	4	Project M&E Land Department and FAC records	
	No. of households in target forest communities that earns income from profitable enterprises based on the sustainable management of forest resources by EOP	X Baseline to be established	X	Focus groups, interviews with forest users, Sustainable Livelihoods Framework tools, UNDP tool	
	Increase in income of targeted women 20%	0 Baseline to be established	+20% in relation to baseline One-fifth of households with increased		

⁷ Management plans of 10 CPAs in Aural and Samkos Wildlife Sanctuaries reflect regional considerations and provisions of overall PA management plans

⁸ In Kampong Speu, Kampong Chhnang, Battambang and Pursat provinces, covering 6,000has. CFs and 7,500 has. CPAs

			income are women-headed		
	Average annual income of households in target forest communities from profitable enterprises based on the sustainable management of forest resources by EOP, US\$	X Baseline to be established	Gender sensitive targets established in AWP		
Outcome 3: Strengthened demand and supply chain for energy efficient cook stoves	Increased market share of improved technologies		90,000 in year 3 and 180,000 in year 4 (Additional)	Market surveys	<ul style="list-style-type: none"> - Emergence of alternative technologies with which energy efficient cook stoves are unable to compete in the market - Failure of carbon mechanisms (e.g. REDD) to function as expected
	No. of units sold	30,000	800 in year 3 (Additional)		
	- NKS - Palm Sugar Stove Efficient charcoal kilns	20	16 in year 3 (Additional)		
	% market share by EOP, %	1.7	17		
	- NKS - Palm Sugar Stove	0.1	4		
	Annual CO2 emission reduction in year 4, tons	reduction from 30,000 stoves	79,200 tons reduction created by 360,00 stoves		
- NKS - Palm Sugar Stove - Efficient charcoal kiln	1-5 1-5	1,520 t reduction created by 800 stoves 123 from 16 efficient charcoal kilns			
Baseline established allowing for regular monitoring for lessons learnt with respect to project results. Baseline to include gender segregated data on women's labor and income	0	Indicators linked to baseline monitored regularly	Gender sensitive targets established in AWP		
No. of fully functioning improved cook stove production centres by EOP	1	6 additional		Field inspections	

	% increase in income of stove producers by EOP, %	\$40/month	\$60/month	Producer surveys	
	Area of woodlots managed by local communities/ farmers in Kampong Chhnang for wood energy by EOP	0 Baseline to be established	617 ha	-	
	Total number of woodlots based on CF management plans in provinces with business oriented management plans for fuel wood supply and green charcoal - with involvement of private sector	1 (Tram Kak CF) 1 (Kirirom CPA)	5	Identification of sites proves difficult	Total number of CF woodlots in provinces with business oriented management plans for fuel wood supply and green charcoal - with involvement of private sector

ANNEX 2 Terms of References for project positions

- I. Board**
- II. Project Director**
- III. Project Manager**
- IV. National Project Advisor**
- V. National Project Assistant**
- VI. Inter-ministerial Team of Focal Persons**
- VII. Part time CTA and**
- VIII. UNDP Project Support and Project Assurance**

I. The Project Board

The Project Board will constitute the main formal mechanism for ensuring consistency between the plans and actions of the project and the priorities of the host country Government, and for ensuring broad institutional participation in the guidance of the project. To this end, the Board will include representatives from MAFF (forestry sector), MOE (environment sector), MIME (energy sector) and MLMUPC (local land use planning).

1. The Board will consist of the following members:
 - 1) **The Executive is the FA, an arrangement to be endorsed by MAFF**
 - 2) A representative of the **Senior Supplier**, who will provide guidance regarding the technical feasibility of the project. This role will be filled by UNDP.
 - 3) **Senior Beneficiaries**, who will represent the interests of those who will ultimately benefit from the project and ensure the realization of project results from the perspective of project beneficiaries. The following beneficiaries will be represented on the Project Board:
 - The Ministry of Environment
 - The Ministry of Industry, Mines and Energy.
 - The Ministry of Land Management, Urban Planning and Construction.

The Project Board will provide overall guidance and direction to the project including on new project risks and agree on possible countermeasures and management actions to address specific risks. It will agree on project director and project manager's responsibilities, as well as the responsibilities of the other key members of the project management team. It will delegate any project assurance function as appropriate and review Inception Report. It will also review and appraise detailed project plans, including the AWP. It will review the project progress and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans. It will review Combined Delivery Reports prior to certification by the implementing partner and make recommendations for the next annual work plan. It will also assess and decide to proceed on project changes through appropriate revisions.

At end of project it will assure that all project deliverables have been produced satisfactorily. It will review and endorse the final project review report, including lessons learnt and review financial reports, including final CDR prior to certification and signature.

II. National Project Director (H.E. Chea Sam Ang, Deputy GD, FA)

The National Project Coordinator (commonly known as National Project Director) represents the Executing Agency's ownership and authority over the project, responsibility for achieving project objectives, and accountability to the Government and UNDP for the use of project resources. The primary function of the NPD is to ensure that the project is fully integrated into national priorities and to undertake policy-level discussions to facilitate effective project implementation and maximise its impact. In line with these responsibilities, the NPD holds the ultimate authority to approve together with the Board on the use of project funds and is thus designated as Approving Officer for the project. The NPD will approve budget expenditures quarterly based on a detailed quarterly work plan. Serving as an NPD is not intended to be a full-time job because the day-to-day management of the project is handled by the NPM. Indeed, supervision of the NPM is one of the most important tasks of the NPD. The official designated as NPD can therefore continue performing her/his normal duties.

III. National Project Manager (Mr. Khorn Saret, Deputy Director, Department of Forestland (Forest) and CF)

The National Project Manager (NPM) will be accountable to both the National Project Director and to UNDP Cambodia for the overall management of the SFM project for the quality, timeliness and effectiveness of the services provided and the activities carried out, and for the use of funds. He will directly work with the NGO project team, supervise and contribute to training and rural appraisal processes. The NPM will be the focal point for communications to the participating partners, national and regional organizations, and others concerning the implementation of the project. The NPM will provide a coordination and management structure for the implementation of the project, functioning in accordance with the rules and procedures of UNDP.

Based on agreed regular reporting and review schedule, (minimally annually, but recommended quarterly) the project manager should submit a report to the project board. As a basis for this reporting, the Project Manager will use the reports received from contractors. The project manager should agree in advance with the project board on the exact progress reporting format and periodicity.

The Project Manager will maintain constructive relations with key project stakeholders, including Government institutions, donors and NGO partners, informing them and consulting with them as appropriate regarding strategic project decisions, and, in discussion with the National Project Advisor and part time international advisor, promoting the balanced participation of different Government entities in project activities and benefits.

Project manager will provide support to UNDP in the preparation of annual Project Implementation Reviews (PIRs), incorporating inputs provided by project contractors in relation to each of the project's components. He will support contractors in the preparation of Annual Work Plans and Budgets (AWPBs) and review of the AWPBs prior to their presentation to the Project Board for approval, in order to ensure their feasibility, relevance, correspondence with project resource availability and the harmonization of the activities proposed under each component. Project Manager will review of quarterly work plans, expenditure reports and disbursement requests prepared by contractors, and recommendation to UNDP regarding their approval or, where necessary, modification prior to approval.

Project manager will together with National Project Advisor review and updating of project risk log and corresponding mitigations strategies.

IV. National Project Advisor (UNDP-deployed staff)

The Project Advisor will be accountable to both the National Project Manager in FA and UNDP

Cambodia for guiding, advising, and monitoring as well as provide management support to the SFM project. The advisor will play a key role in supporting the National Project Manager in project management and the monitoring, evaluation and reporting of project progress against project baseline indicators. He or she will be the focal point for communication and coordination of implementation at the national and sub-national levels.

Key Functions

1. Provide top quality advice and strategic guidance for effective implementation and results-based management of the project according to project objectives and stated results as well as with UNDP policies and procedures;
2. Provide advisory support in monitoring and evaluation of the project to ensure effectiveness and efficiency in the delivery of project activities and results;
3. Act as liaison person for concerned line ministries, provincial departments and other stakeholders

Besides this:

1. Provide top quality of advice and strategic guidance for effective implementation and result based management of the project according to project objectives and stated results as well as UNDP policies and procedures:

- Advise the project national and sub-national teams in developing strategies and implementation plan for the project;
 - Advise the National Project Manager and project team in management and monitoring the project work progress and ensure timely delivery of project outputs;
 - Provide effective communication, coordination and cooperation between the members of the project's management team and technical team in planning, monitoring and implementation process;
 - Conduct staff capacity needs assessment against the project outcomes and draft terms of references for technical consultants and sub-contracts and support the project manager in recruitment of contracted project partners;
- Support the National Project Manager in preparation of quarterly and annually technical work plans for project activities;
- Support the National Project Manager in preparation of quarterly and annual technical progress reports to FA, UNDP and GEF according to their respective reporting guidelines;
 - Prepare project board meetings and take lead in ensuring that recommendations made by the board are implemented;
 - Contribute to project audit and spot checking exercises and prepare management responses to the comments;
 - Provide strategic guidance to the National Project Manager in organising and conducting effective stakeholder meetings in line with the work plan; and
 - Work closely with UNDP Country Office in providing overall quality assurance for the project based on UNDP rules and procedures.

2. Provide advisory support in monitoring and evaluation of the project to ensure effectiveness and efficiency in the delivery of project activities and objectives:

- Advise the National Project Manager and contracted partners in the review of the progress outputs against the project targets;
- Contribute to the consolidation of knowledge and lessons learned and distill good practices for dissemination;
- Provide advices and inputs in the general preparation and delivery of work plans, budgets and work packages in accordance with the policies and procedures of UNDP/GEF, guidelines for National Implementation, Guide on measures to mainstream gender considerations in the project activities and in the monitoring and evaluation;
- Conduct regular field visits with counterparts to monitor field activities and assist with the organisation of visits and supervision missions from the co-operating institutions; Liaise with UNDP CO in the tracking, management and update of project risk and provide corrective recommendation where possible;
- Provide inputs in developing terms of references for the mid-term and final evaluation of the project;
- Provide advice and inputs to the FA in drafting management responses to issues and recommendation raised by mid-term and final term evaluations.

3. Act as liaison person for national and sub-national, NGOs, project teams, relevant line ministries, provincial departments and other stakeholders:

- Coordinate and promote effective collaboration with ministry line departments, NGOs/IOs, private sector and other development partners to support sub-national capacity development on issues related to community based sustainable forest management; Coordinate the activities of international and national technical advisors and consultants;
- Liaison with the forestry partner projects, experts and other stakeholders and provide technical inputs for the development of guidelines, training materials and others as necessary;
- Facilitate communication interaction between FA and General Department of Administration for Nature Conservation and Protection (GDANCP), Ministry of Environment (MOE) with regards to achieving project outputs
- Support Ministry of Industry Mine and Energy (MIME) for the implementation of the National Wood Energy Strategy
- Provide advices on aligning SFM project with the REDD Readiness Road Map implementation and how the SFM can support REDD implementation.
- Build synergies and partnerships with key partners to ensure greater impact of the project;
- Promote dialogues and inputs from development partners into key project outputs at the national and provincial level;
- Liaise with the Chief Technical Advisor in compiling lessons learned policy implications.

V. National Project Assistant (UNDP deployed staff) Ms Theng Sopheak

The Project Assistant will be under direct supervision of and reports the progress of work to the Project Advisor of the SFM.S/he will be based at Forestry Administration. The Project Assistant will perform the following 3 key functions:

1. Ensure effective and high quality support to the project administrative and financial management
2. Effective support to the project implementation
3. Provision of inputs to the project report

1. Ensure effective and high quality support on project administrative and financial management

- Contribute to day-to-day support to the project implementation and ensuring conformity to expected results, outputs, objectives and work-plans;
- Ensure effective local purchases in line with UNDP procurement procedures Maintain project accounts;
- Establish and maintain the electronic and physical filing system for project documentation and communication;
- Prepare and update proper project documentation/records and ensure that the documents are prepared and ready for audit;
- Manage cash reserves of the project;
- Ensure effective management of financial and administrative aspects of project assets and financial resources to meet satisfactory outcomes of the annual audit of the project;
- Prepare for quarterly and annual financial reports.

2. Effective support to project implementation

- Participate in day-to-day activities relating to project implementation and provide assistance to the Project Advisor;
 - Facilitate day-to-day communication with project partners;
 - Prepare budget for workshops and meetings;
 - Arrange for travel for project staffs and meeting participants;
 - Assist the Project Advisor and technical project team to organize stakeholder meetings and project board meetings, and preparing minutes of meetings and distributing them to participants and maintaining the day-to-day records of project implementation;
 - Facilitate the organization for workshops, and training programmes;
 - Assist in making arrangement and preparing the necessary documentation for all payments for activities under the project;
 - Assist in preparing the requisite accountabilities for the project funds (prepare cash advance statements and quarterly expenditure accounts);
 - Assist in preparing work plans and budgets for all project activities;
 - Compile the financial documentation to be submitted regularly;
 - Ensure proper records and filing of the project;
 - Liaise very closely with the UNDP programme assistants/associates to ensure the effectiveness of administrative and financial management in accordance with UNDP rules and regulations;
 - Assist in maintenance of the registers for inventory of non-expendable equipment and ensuring that the equipment is safe and in proper working conditions;
- Maintain the project website.

3. Provision of inputs to the project report

- Provide support to the preparation and distribution of project reports and publications;
- Assist the Project Advisor in preparing reports for the project board or UNDP as required.

VI. Terms of reference for inter-ministerial technical team of focal persons in the SFM Project

Members:

- Project Manager,
- Representative of General Department of Energy, MIME;
- Representative of General Department of Nature Conservation and Protection, MOE;
and
- Representative of Department of Land Management and Urban Planning, MLMPC

Mandate:

The team will exist as an SFM team until February 2015. The team members are persons, who can provide technical know-how and supply senior management in their parent ministries with information that is relevant to the sector as well as information on synergies with other sectors. The persons are also the ones who will have regular interaction and communication with provincial line agencies of their parent ministry and support that level in inter-agency communication.

The team will meet every three month at a suitable time in relation to the Project's progress reporting. The agenda for a team meeting will be sent out by Project Manager (PM) two weeks before the meeting. PM of FA will draft Minutes of Meetings and Recommendations to share with all and send to the Project Director, FA and reflect these in SFM Project quarterly progress reports.

Invite both contractors for a meeting with the focal person team at least every 6 months

The mandate of the team can be expanded based on recommendations of the Board.

Key functions:

1. *Communication link to the field:* Constitute the sounding board for provincial government staff and the 2 contractors that provide technical assistance. Issues from the local level can be raised to the 'focal person team' regularly through the provincial SFM coordinator and the Project Manager.
2. *Communication link to the line ministries:* Constitute the mechanism through which senior management in parent ministry or department is made aware of issues that require operational day to day decision making (which is not under the mandate of the Board).
3. *Communication link to key stakeholders:* Facilitate information sharing with the TWG F&E and the WEWG and other relevant policy level ministerial and inter-ministerial groups such as those linked to UN REDD and Cambodia Climate Change Alliance.
4. *Monitoring:* Review site- and issue-specific lessons learnt from quarterly progress report to see how and where and in which province/district the two components can increase their collaboration in the project field sites.

5. Identify capacity gaps and needs and work with contractors on how the project could promote capacity development to government agencies to produce project results.
6. Review and appraise detailed AWP from sector point of view and identify SFM synergies with other separate ongoing activities in the ministry (MIME: Biomass Energy Strategy recommendations and MIME to provide platform for quality control and standards, FA on project on green charcoal in Kampong Chhnang as well as experience from EU funded project with RECOFTC, GDANCP on project with CPA on green charcoal in Aural (AFD), REDD+ initiatives, UN REDD and CLUP in MLMUPC, etc).
 - Review project assumptions and risks
 - Review how contractors mainstream gender issues in their activities
 - Monitor how contractors are getting private sector involved
 - Make field visits as a team
7. Review and appraise detailed AWP from sector
8. Problem solving: Discuss and recommend solutions to inadequate financial and logistical resources, to excessive complexity and slowness of bureaucratic procedures, and to limited incentives for staff performance.
9. Discuss and clarify institutional responsibilities related to different wood energy-related issues (for example financing, monitoring, technical support, marketing and supervisory roles),
10. Discuss internally and with contractors constraints and opportunities for generating funding from carbon finance pertaining to stoves and REDD and REDD+ mechanisms as well as voluntary carbon funding mechanisms.

Funding the work of Inter-ministerial Team of Focal Persons

The SFM project will pay for the meeting expenses, stationary, transport, if relevant, and for monitoring visits to the field by the team based on a Concept Note for the purpose

VII. Part time Chief Technical Advisor/ International Advisor (3 mm/year or more)

1. Provision of advice and strategic approach to the Project Manager on technical aspects of project implementation, particularly the following:
 - The strengthening of institutional capacities and the development of a favourable regulatory framework
 - Capacity development strategy that benefit FA, MOE and MIME that should be carried out by sub-contractors.
 - Technical inputs into the annual work plans
 - Technical quality review of key project outputs,
 - Links between forest communities and the private sector
2. Provision of advisory support to the Project Manager regarding the coordination, management and monitoring of the implementation of project activities, in particular the following:

- Support to be provided to UNDP in the preparation of annual Project Implementation Reviews (PIRs), incorporating inputs provided by project contractors in relation to each of the project's components.
 - Implementation of the monitoring and evaluation strategy of the project
 - Review and updating of project risk log and corresponding mitigations strategies
3. Coordination and delivery of Component 1 of the project regarding the development of a national enabling environment for SFM, in compliance with the general terms of reference for contractors ensuring the achievement of the targets set out in the results framework in relation to that Component.
 4. Provide strategic advice and support to promote synergy, alignment and coordination of various Development Partners to support the implementation of the National Forestry Programme, and provide technical strategic advisory support to TWG (F+E), the NCFPCC and the inter-ministerial Wood Energy Working Group.

VIII. UNDP Project Support and Project Assurance

The Project Support provides project administration, management and technical support to the Project Manager as required by the needs of the individual project or Project Manager. It is necessary to keep Project Support and Project Assurance roles separate in order to maintain the independence of Project Assurance. **When UNDP provides support services to a project, e.g. in procurement or recruitment, the person holding the assurance role is different from the person providing the support services.**

The Project Assurance is the responsibility of each Project Board member; however the role can be delegated. The project assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore, the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. A UNDP Programme Officer typically holds the Project Assurance role.

Annex 3 Terms of Reference for Requests for Proposal

Request for Proposal I: Capacity building in SFM through development of Community Forestry (CF) and Community Protected Area (CPA) forest management plans that include business plans, ratification of CPA Guidelines, trials of additional CF modalities and SFM in CLUP.

The Request for Proposal 1 (RFP 1) comprises Component 2 and elements of Component 1 of the SFM Project.

A. Project Title:

“Strengthening sustainable forest management and bio-energy markets to promote environmental sustainability and to reduce greenhouse gas emissions in Cambodia (SFM Project)”

B. Project Description

The SFM Project is implemented over four years from March 2011 to February 2015. The total budget comprises of a cash grant of 3,863,635 USD, where GEF provides 2,363,635 USD and UNDP 1,500,000 USD. The GEF funds are provided with reference to the global environmental objectives of the Biodiversity Convention, the Convention Combating Desertification and the Framework Convention for Climate Change. The **present RFP 1 comprises the SFM project’s Component 2** with policy and capacity building **elements of Component 1 included**. The **SFM Component 3 is not included in the present RFP 1**, but close integration among all SFM components is a must.

Detailed analyses, background and goals of the project can be found in the SFM project document. The GEF web site for the 2010 SFM document is at http://www.thegef.org/gef/sites/thegef.org/files/documents/document/4-26-10%20-Web%20Posting%20-%203635_3.pdf The project document signed by Forestry Administration (FA) (2011) can be requested from the UNDP/FA as electronic copy. The project was designed in 2009. Since the endorsement by GEF in 2010 amendments in budget, Strategic Results Framework and activities have taken place and the budget has been cut by 1 mill USD due to a shortfall in UNDP contribution. This means the Budget and Budget Notes included in the GEF project document should not be copied in a Financial Proposal. **See Inception Report**, for more information.

The project will be implemented at national level and in four provinces surrounding the Cardamom Mountains complex: Kampong Speu, Kampong Chhnang, Pursat and Battambang, with possible expansion to Pailin constituting a range of interventions in the periphery of the Cardamom Mountains Complex in order to contribute to the protection of this complex of PA and Protection Forests. The target Protected Area (PA) areas for CPA management plan development are Phnom Samkos and Phnom Aural Wildlife Sanctuaries.

The Implementing Partner is the FA of the Ministry of Agriculture, Forestry and Fisheries (MAFF). The General Department of Administration Nature Conservation and Protection

(GDANCP) of the Ministry of Environment (MOE) will be collaborating in support of CPAs and the General Department of Energy of the Ministry of Industry, Mines and Energy

(MIME) will be collaborating in support of wood energy efficiency issues, and the Ministry of Land Management, Urban Planning and Construction (MLMUPC) will be collaborating in support of a limited number of local land use plans, i.e. Commune Land Use Planning (CLUP).

The Project Objective is to “strengthen national SFM policy, integrate community-based sustainable forest management into policy, planning and investment frameworks and create markets for sustainable bio-energy technologies that reduce CO₂ emissions”. It has three main technical components or outcomes for which provision of services is required divided among two Requests for Proposals. The present RFP 1 covers Component 2 and specific elements of Component 1. The three outcomes read:

1. *National capacities and tools exist to facilitate the widespread implementation of sustainable community-based forest management and technologies that reduce demand for fuel wood*
2. *Community-based sustainable forest management is being implemented effectively within a context of cantonment/province, district and commune level planning and delivering concrete benefits to local communities*
3. *Strengthened demand and supply chain for energy efficient cook stoves*

The aim of the SFM project is to strengthen sustainable forest management by creating incentives for communities to engage in SFM through community forestry development for sustainable livelihoods that rely on CF business enterprise development. This will add value to the range of forest and wood products that can be produced and link the producers to local and distant markets. This may eventually include marketable carbon credits from CF development under REDD+. A number of activities carried out under Component 1 policy level are linked to the Output 2.1 of UN REDD for which the SFM Project is seen to provide parallel co-financing.

The project will result in an increase in number of community-managed forests nationwide that have businesses based on the sustainable management of forest resources, which take into account management plan provisions and have business operations ongoing, resulting in an increase in the equitable income received by community members from profitable enterprises. CFs and CPAs management plans provide for environmental and financial sustainability along with business development.

The Component will seek to promote a landscape-based approach for potential clusters of CF and/or CPAs, possibly within the same commune or district, allowing for a targeted but selective application of the Commune Land Use Planning Sub Decree. These clusters may also allow the concerned CFs/CPAs to attain economies of scale of relevance to SFM businesses: patrolling and security, entering into business arrangements, including with larger private sector enterprises, carrying out market research, technology transfer, and other service activities, as well as applying for carbon credits where pertinent. Facilitation of coordination

and collaboration between the two agencies (FA and MOE) is thus a requirement for the CF-CPA landscape approach.

In Component 3, SFM is mainstreamed through increased production and marketing of improved stoves and kilns and woodlots for dedicated energy purposes. This will contribute to the reduction of forest degradation that is caused by fuel wood and charcoal producers at present.

The policy context is an alignment to the National Forest Program (NFP) sub-program 4 and to the CPA Guidelines under the Protected Area Law (2008). Community forestry development is detailed in NFP program 4, where four modalities of CF are described, three of them in production forest areas: the existing CF, a Production-based Community Forestry, and a Partnership Forestry with the commune council. As a fourth category, it finds the Community Conservation Forestry in Protection Forest areas. Only the first modality has a regulatory framework with 'CF Guidelines' for implementation (Prakas, 2006), while the remaining three will need to develop an additional regulatory framework based on lessons learnt from, in particular, the present SFM project feeding into its Component 1 in support of these changes.

C. Scope of Work

The combination in RFP 1 of Component 2 and elements of Component 1 entails technical support to the field level as well as policy level. The stipulated focus on enterprise development for CF and CPA requires that the service provider will work *mainly* with forest-based communities that have reached a certain stage of consolidation (step 7). Full time deployment of **skills in business and enterprise development based on natural resources management for 30 CFs and 10 CPAs are necessary and a required feature of the contractor's competency**. In addition to the 30 sites that have Agreement, a separate focus will be on the development of the 6 new modalities of CF (Partnership Forestry possibly linked with 4 CLUP preparations, Production-based Community Forestry and Community-based Conservation Forestry). These 6 CF sites will require CF identification from the very first steps of CF development.

The 10 CPA sites are located in Phnom Samkos and Phnom Aural Wildlife Sanctuaries (WS) and may be located in any of the four provinces that all have areas inside the Wildlife Sanctuaries. The development for these 30+10+ 6 sites should facilitate the warranted interaction with local commune council authorities and lead to a landscape approach through strategic development of 4 CLUP.

Administrative Service Provision

At field level: *set up office in each of the 4 cantonments by deploying one hired full time project coordinator* for each cantonment to collaborate with the FA cantonment staff, Department of Environment and the PA as well as Department of Land Management for CLUP development. For Kampong Speu the coordinator may be located in a FA Division near Phnom Aural WS rather than in Kandal cantonment office in Phnom Penh. Pailin will be covered from Battambang. The provincial project coordinator to be hired by the contractor will also support Component 3 (RFP 2) to carry out the activities, which are related to community forestry, such as 5 management plans for woodlots/biomass for green charcoal. The costs of deploying the coordinator to cater to all field activities across components and

line agencies are vested in Component 2 and should be reflected in the proposal in response to RFP 1.

At central level the contractor will place one project supervisor permanently in the SFM Office in FA (with the FA approval), Phnom Penh where the person will interact daily with the Project Manager, the Project Director as pertinent and with the National Project Advisor and Assistant as well as with the designated focal persons in other ministries.

Selection of technical and support staff is required for the effective execution of project activities. Besides one full time coordinator in each of four provinces⁹, as mentioned above, **one full time technical staff for business plan development for the targeted CFs and CPAs** is to be deployed to cover the management plan development for CFs and CPAs in all four provinces starting from 2012.

Prepare short Work Plan for remaining part of 2011 and full Annual Work Plans (AWP) for 2012, 2013, 2014 and 2015 where all relevant SFM-related activities form an integrated part of an overall Cantonment Annual Work Plan. The contractor's AWP will include the work to be carried out with cantonment, Department of Environment and PA, and Department of Land Management. During full implementation AWP are prepared through the Project Manager and will go to Project Director and the Board for endorsement. The AWP for CF work in 2012 will not be fully integrated into cantonment AWP as these cantonment plans would have been prepared already in 2011.

Besides AWP, the service provider must prepare *quarterly work plans*, expenditure reports and disbursement requests according to the formats and procedures of FA and UNDP, subject to be approved by the Project Manager and Project Director under advice from the national project advisor and part time CTA.

The service provider will be required to prepare inputs for inclusion in the Project Progress Report (PPR) each quarter, Annual Review Report (ARR) and for the completion of the annual *Project Implementation Review (PIR)* to be submitted to the GEF. The Project Manager, National Project Advisor and Part time CTA will be responsible for final preparation.

The service provider will upon selection by start of contract establish detailed *administrative procedures* in collaboration with FA, MOE and MLMUPC and **enter into an MOU** at provincial level with FAC, Department of Environment through DGANCP, and Department of Land Management, where pertinent, through MLMUPC. Similarly, the service provider will enter into an MOU with central level agencies for these activities. This pertains to a commitment for future funding confirming that funds for the concerned departmental staff to participate in SFM activities (DSA, fuel and others) will be provided by the contractor. The actual amount will be specified each year in the AWP prepared by contractors together with relevant line agencies and endorsed by the project board. This means a lump sum for the duration of the project must be included in the Financial Proposal submitted in response to RFP. The contractors are advised to consult provincial line agencies to ascertain possible requirements for a tentative work plan for 2012 to come up with a realistic figure.

The service provider will together with FAC inform the Provincial Rural Development Council of the project.

⁹ The provincial Coordinator for Battambang is responsible for Battambang and Pailin provinces

Technical Service Provision

The interventions under Component 2 and 1 are to be detailed in the AWP. Component 1 results will be generated both by special support to Component 1 (training and capacity building and revision of guidelines) as well as by a regular feedback of lessons learnt from the field. Suggested arrangements for such feedback to policy level must be defined in proposal to show clear understanding of the tasks.

The service provider that has been selected is required as part of preparation of Work Plan for 2012 and monitoring activities over the following years to establish the baselines for the specific sites to create a management information system, i.e. a baseline against which management decisions are taken by the service provider and Project Manager/Director and against which impact can be measured. The baseline must include gender segregated data and indicators and it must include capacity building needs assessment baseline.

The provincial level can design their own lower level indicators as part of project implementation **as long as these indicators are seen to contribute at a higher level to indicators that measure the results of the project as a whole.** By designing indicators with villagers and local cantonments and other provincial agencies can learn to think about performance assessment, the use of management information, the design of information, and its use for organisational learning. The impact is linked to a verifiable progress towards successful outputs and results in the SFM amended Project's Results Framework.

The service provider will have the following **technical** responsibilities:

Development of CF management plans for 30 CF sites with business plans integrated into the management plans and 10 CPA sites with business plans integrated into the management plans. The service provider will work *mainly* with CF communities that have reached a certain stage of consolidation with Agreement (step 7) in place or with CPA at a similar stage.

The business plans will make provision for aspects including the following:

- Determination of product types to be obtained from the CFs/CPAs;
- Identification of markets and strategies for marketing, and value added productions;
- Business organization and benefit sharing agreements, with equity concerns mainstreamed;
- Production and processing practices and corresponding needs for investment;
- Determination of needs and sources of technical and financial support;
- Projections of financial flows (capital investments, recurring costs, income)

The service provider will furthermore work with 6 alternative community forestry modalities possibly starting from step 1 identifying sites for Partnership Forestry, Production-based Forestry or Community-based Conservation Forestry in Protection Forest and support development of 4 CLUP that integrate SFM approaches.

Technical service provision requires the service provider to explore the ways and opportunities for **private sector** entities to engage with the communities in support of their business development during project implementation and to possibly continue after the project is over.

Private sector stakeholders (essentially a typology of business enterprises and institutions with existing or potential interest in SFM and forest-based businesses) comprise

- Micro, Small and Medium Enterprises (MSMEs) in the target areas;
- MSMEs outside the target areas;
- SMEs and larger enterprises in the provincial urban areas;
- Larger enterprises in Cambodia;
- Financial institutions (MFIs and banks);
- Investment funds – in Cambodia and abroad, purely commercial as well as social funds;
- Business development service providers in the target areas and outside;
- Chambers of commerce and sector business associations;

During preparation of AWP and during implementation the service provider has to coordinate, in particular, in Battambang and Pursat with the USAID funded *HARVEST* Project (2011-2015) and with the EU funded Project *SFM and Rural Livelihood Enhancement through Community Forestry and REDD Initiatives in Cambodia* (2011-2015) and other possible emerging projects. The SFM project results must be clearly verifiable in the context of - and synergy with - other ongoing activities. Please see Inception Report, September 2011 section D.

The Technical Proposals submitted should contain a **tentative** plan for the CF and CPA sites to be addressed during 2012 and the Financial Proposal must reflect this.

Summary of Sites for Intervention

Type of Site	Number suggested
CFs management plans for business development (Component 2)	30
CPA management plans for business development (Component 2)	10
CFs trials of alternative CF modalities (Component 2)	6
CFs management plans for wood fuel and green charcoal (Component 3)	5
CLUP (Component 2)	4

2011

Under the assumption the contract starts in 2011 the service provider must use remaining 2011 for mobilization and scoping. Baseline establishment to be started but will be continued into 2012.

2012 - 2015

Planning for Component 2 Results

The AWP for 2012 must cover activities in selected CF and CPA sites for the first year as well as support to central level interventions such as finalization of CPA Guidelines. The AWP for subsequent years will identify additional sites as well as the interventions to take

place at central level. The AWP must address but not be limited to Activities that comprise among others:

- **Baseline** that supports the overall Strategic Results Framework (see targets by Project Year 4) as well as more participatory M&E frameworks that are linked to the AWP. For 2012 the baseline must include a participatory resource assessment for the CFs and CPAs that describes forest cover and resource endowment in the selected CFs and CPAs *as well in the surrounding landscape*. CFs and CPAs should, where feasible, form elements in the same landscape. Satellite imagery should be obtained from FA/MoE where available. Baseline must also include gender related indicators (See Inception Report, September 2011, Annex 5) and capacity and performance related indicators.
- Preparation of forest inventories of selected CF and CPA sites for management plan preparation **that will include enterprise development objectives and business plan development as part of the management objectives.**
- Preparation of business plans with communities and definition of benefit sharing as part of the business plan. Separate women focus groups must be formed as part of the planning to inform, empower and facilitate participation in decision making and possible separate women business groups. The work must include analysis of and support to the removal of barriers to the development of small-scale enterprises, tolls and taxes and transport tariffs and simplification of permit systems is necessary. In this way work in Component 2 will provide inputs to Component 1 regarding the regulatory framework and the expansion of CF Guidelines to cover step 9 and possible inputs to MOE guidelines for CPA enterprise development (in possible synergizing with AFD support to MOE in Phnom Aural WS).
- Options for private sector involvement must be ascertained in each case to facilitate sustainability.
- Involvement of government stakeholders such as Commerce along with FAC must be ensured to define best ways to integrate the business model, identify markets as well as possible taxes or tax waivers.
- Options for undertaking 6 trials of partnership forestry, production-based community forestry and community-based conservation forestry should be included as pilots under CF Identification.
- Options for undertaking 4 CLUP that includes SFM/CF and/or CPA. CLUP preparation must be budgeted at 8.000 USD.

Planning for Capacity Building Results – SFM Component 1

Capacity Building of FA and GDANCP staff requires that the implementation of field activities feeds into Component 1. The activities, including learning by doing and training should contribute to the development of lasting and relevant capacities among government agencies. The design of capacity building and training must be linked to the tasks at hand in the work plan and it must pay attention to the results of two previous capacity building needs assessment carried out in 2011: the *Capacity Building Needs Assessment (CBNA)* carried out by support from CBNRMLI (The Learning Institute - LI) and RECOFTC for FA and GDANCP first part of 2011 and from Danida *Capacity Building Need Assessment and Capacity Building/Training Plan Development* at the end of 2011. Annual work Plan for

2012 must clearly show awareness of the recommendations of the two assessments and training plan development.

Capacity development for the tasks at hand must focus on business development for CFs and CPAs. The project will support FA and GDANCP staff in capacity development for engaging with communities and assessing the resources at hand for business development and provide lessons for the Guidelines (CF step 9 and CPA step 7). The service provider's technical and business support must help build capacity of FA and GDANCP, especially those at sub-national levels, to address preparation of natural resource management (NRM) management plans with a business perspective with links to the private sector.

Capacity building shall take place principally through working with and involving the FAC staff and PA staff on day to day basis directly in the preparation of management plans in the CFs/CPAs in the pilot/target areas, in conjunction with local community members and in synergy with other projects that work in the same areas. The SFM Project Document contains a score card in Annex 14, which is a generic scorecard that can be applied by the end of the project.

Planning for Improved Regulatory Framework Results - Component 1

For Component 1 the project will support the GDANCP to finalize the Guidelines for CPA and ensure support to their ratification by MOE. The project will, through the service provider, work closely with the GDANCP to ensure that the regulatory framework, i.e. Guidelines for CPA management plan development is in place by the middle of 2012.

As lessons from the field are generated these must be formulated in a way that lend support to the development of a regulatory framework for enterprise development as well as the CF Partnership Model, Production-based model and Community-based Conservation model and the way SFM can be integrated into CLUP. The service provider must develop and budget in the Technical Proposal efficient communication strategies to work with other stakeholders and inform and support policy makers, NGOs, local forest managers, and other stakeholders, as well as to publicize research information and extension materials, and to make them available to relevant stakeholders.

Gender mainstreaming

The project implementation in the field must integrate gender/women's issues in all activities and interventions. The service provider will take guidance from the FA *Gender Mainstreaming Policy and Strategy for the Forest Sector*, 2009 to increase FA staff's awareness of the need for women's participation in the forestry sector, and build the staff's capacity to apply a gender analysis framework to identify opportunities and gaps and to address gender equality concerns in the project. The gender analysis is to be carried out when preparing baseline and AWP and it must include ways to record gender disaggregated targets and data into reports and plans.

The interventions have to reflect women's needs, capacities, and constraints (such as existing workload e.g. women collect firewood from very far away, which was not considered very important by the men) in the development of forest-based businesses and business plans, and show ways to integrate gender in ongoing capacity building at national and sub-national levels. Women must have access to market information and credit to improve the business. This includes attention to cultural norms and their interplay with involving men and women in the project processes.

The service provider has to apply selection criteria for start-up grants, target women entrepreneurs and set up gender-sensitive indicators and collecting gender-disaggregated data for important activities that are linked to set targets for women's participation.

In the proposal the service provider has to identify potential resources needed for implementation and describe what capacities and resources it can draw on from the organization and the partners and how the project will communicate gender equality concerns with stakeholders. The service provider's AWP's shall contain indicators that capture gender inclusion, including among others, the results of the increased awareness of Division and Cantonment foresters, noting, for instance, foresters forming separate women groups in the villages to inform and discuss CF/CPA management plans prior to full village meetings. The establishment of businesses based on the sustainable management and use of non-timber forest products (NTFPs) has particular potential to improve the economic status of women and their influence over how natural resources are used, given that many NTFP processing activities can be inserted relatively easily into their other productive activities.

Monitoring

Predefined targets at output level must be found in the Annual Work Plans of the service providers. An Annual Project Review (APR) meeting will be conducted during the fourth quarter of the year to assess the performance of the project and appraise the AWP for the following year. In the last year, this review will be a final assessment. This review will be driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs and how these are aligned to outcomes. The service provider will be required as part the mobilization and scoping phase prepare annual work plan for 2012 and establish the baselines mentioned above. Attention must thus be paid to the project's results framework, the UNDP results matrices and the FA framework for M&E in order to guide a process for baseline establishment that can service the different requirements. All data provided for overall SFM results monitoring must be provided to the cantonment for registration in the Cantonment/FA activity monitoring system.

The service provider must define in the Technical Proposal the arrangements to be made to coordinate and consolidate lessons learnt with project Component 3 (RFP 2). The results of activities under both RFP 1 and RFP 2 shall feed into SFM Component 1. The FA SFM project office in Phnom Penh and the cantonments will provide the venues for government staff and service provider staff of the two service provider teams (RFP 1 and RFP 2) to meet regularly.

Dissemination and Replication

The service provider must ensure the production of easily accessible documents regarding lessons learnt at field level (such as viable forest-based businesses and management models). The service provider will keep the Technical Working Group on Forestry and Environment (TWG - F&E), the National Community Forestry Coordination Committee (NCFCC) and the GDANCP informed and interact with these for feedback and determination of a project exit strategy.

D. Expected Outputs

The expected outputs of the services of the contracted service provider are

1. Baseline with local level indicators for quality of forest, community income and government staff capacity established for results monitoring linked to higher level indicators.
2. 30 CF sites and 10 CPA sites have management plans that include business plans and have reached step 9-11 in CF development and step 7-8 in CPA development.
3. Improved community income from 30 CF and 10 CPA documented from the enterprise developed.
4. 6 CF sites developed under alternative CF modalities.
5. 4 CLUPs with integrated SFM approaches through CF/CPA.
6. Increased interventions of FAC and FA's Divisions as well as of Department of Environment and PA staff to engage in CF and CPA development and **management plan preparation with an enterprise development approach** (Business Plans developed) undertaken through learning by doing and training. The Business Plans should consist of the followings:
 - a. Determination of product types to be obtained from the CFs/CPAs;
 - b. Identification of markets and strategies for marketing;
 - c. Business organization and benefit sharing arrangements, with equity concerns mainstreamed;
 - d. Production and processing practices and corresponding needs for investment;
 - e. Determination of needs and sources of technical and financial support;
 - f. Projections of financial flows (capital investments, recurring costs, income).
7. Consolidated guidelines and models of enterprise development integrated into management plan preparation and lessons learnt established from enterprise development.
8. Implementation of alternative models of CF described in NFP established through 6 CF sites representing partnership forestry, production-based forestry and community-based conservation forestry.
9. Lessons learnt provided to FA for expansion of CF Guidelines on alternative modalities.
10. Enhanced national capacities and political will in FA and GDANCP to coordinate & integrate development of CFs and CPAs in a decentralized landscape-based approach, working with provincial departments of Land Management in development of at least 4 CLUPs.
11. Financial strategies in MAFF/FA and MOE/GDANCP to support SFM, including opportunities for REDD and carbon financing for sustained funding to support community-based forestry by Year 4. Link the SFM activities to UN REDD output 2.1.
12. A basis established for **replication** of models and good practices which will be effectuated by a regular close coordination with NCFPCC and the secretariat of the TWG-F&E with which the project will define the mechanisms for continuation and sustainability of results.
13. Exit strategy based on inter-agency coordination and replication action plan

E. Institutional Arrangements

The GEF and the UNDP provide the project funding. The UNDP is the implementer for GEF. The project is implemented under UNDP National Implementation Modality (NIM) by FA as Implementing Partner, where the term 'implementation' is defined as the management and delivery of program activities to achieve specified results that will contribute to development

outcomes, as set forth in the Results Framework and Annual Work Plans. An Implementing Partner assumes full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs. An Implementing Partner may enter into agreements with other organizations or entities, known as 'responsible parties', such as service providers (or NGOs), that may provide goods and services to the project, carry out project activities and produce project outputs. Responsible parties are accountable directly to the implementing partner. The supporting services for implementation of SFM project activities will be contracted to service providers through a tender/Request for Proposals. In the present SFM project the FA will call for proposals and hold contracts with the winning contractors.

The service providers will work closely with the Forest Administration and FA Cantonments (FAC), the GDANCP, MOE, Provincial Departments of Environment and PA directors/rangers to address the CPA and MLMUPC, Departments of Land Management where pertinent. The project office is in FA to where the service provider will deploy one person. In each cantonment a full time project coordinator will be deployed by the service provider. The project director and the project manager are FA government staff, while UNDP provides a National Project Advisor, a National Project Assistant and a part time CTA/ Advisor/ international consultants.

The project manager of FA will be assisted by the UNDP National Project Advisor and Assistant in supervising the use of UNDP resources and supervising the performance of responsible parties to achieve the expected results as specified in the AWP and project document. The support staff hired by the service provider will perform all duties related to the service provider's obligations to FA.

The service providers will receive funds quarterly on the basis of quarterly progress reports and the Annual Work Plans. The service provider will report to the Project Manager and the Project Director of SFM (FA). UNDP will provide oversight, but also support services upon request from the FA for activities within the Project Document, and in accordance with the regulations, rules and procedures of UNDP such as NIM.

Project Support role of UNDP is to provide project administration, management and technical support to the Project Manager as required. Project Support and Project Assurance roles respectively will be kept separate in order to maintain the independence of Project Assurance. UNDP possible support roles in implementation are outlined in Letter of Agreement with FA on Feb 2011.

F. Duration of the Work

The duration of work is from the signing of contract till the end of February 2015.

G. Duty Station

Main office is in the FA, Phnom Penh. The service provider will station one staff in the FA office for SFM project (with the FA approval) and a coordinator in each of four provinces' cantonments. Field activities are to be executed in Kampong Chhnang, Pursat, Battambang and Kampong Speu with possible extension to Pailin.

H. Qualifications of the Successful Service provider

To be a successful service provider the service provider must meet the following 3 criteria:

a. Expertise of CF and CPA Development

At least four years experience of working with FA in the field on community forestry must be documented and clear proven results described in the proposal of how the CF sub decree and CF Guidelines (Prakas) have been applied. Working relationship with MOE must be documented. Cost effectiveness must be stated. Capacity to design and undertake training and capacity building must be documented. Lessons learnt and inputs to policy deliberations in forestry sector in Cambodia must be documented. In particular, skills in business plan development based on natural resources management and development are necessary and a required feature of the service provider competency.

b. Proposed Work Plan and Approach

Demonstrating understanding of the tasks.

c. Expertise

Proposed national staffing of long term and short term consultants/coordinators must be outlined.

CV of a highly qualified business/enterprise development staff with experience in community forestry enterprise development must be included in proposal as well as the CV of the central level supervisory staff to be stationed in the SFM project office in FA.

I. Scope of Bid Price and Schedule of Payments

The first two months of contract are considered the mobilization period where administrative arrangements between FA and service provider are put in place and relationship to other government agencies collaborating with the project is established through MOUs and work plans. The service provider will prepare detailed budgeted work plans together with cantonments and departments of environment as well as possibly department of land management for the first quarter specifying the particular sites (CF and CPA) where the cantonment and service provider plan to start activities. Alignment with NFP, the 4 target FA cantonments will have AWP by the start of the 2012 that supported by Danida funds. These 2012 AWP will not yet feature the SFM project contributions.

The Instructions to Tenders stipulate that the RFP is a Two Envelope request. Thus, the service provider's Financial Proposal is to be submitted in a separate envelope from the Technical Proposal, see Instructions. For the duration of the project the Financial Proposal must contain a lump sum that contains an overall estimate of funding to be made available to cantonments and departments of environment/PA and department of land management for their participation in SFM 'activities' (covering among others DSA and fuel etc.) based on the MOU to be established with the said agencies including central level staff. The MOU does not contain funding details, but should be attached the AWP. The AWP will each year include funds for activities by government staff (DSA and fuel and others) in collaboration with the service provider's technical assistance staff.

Start up grants for enterprise development which over 3-4 years for 30 CF and 10 CPA must similarly be included at a realistic price in the Financial Proposal.

Office equipment for cantonment level operation must be included. Budget for transport must also be included.

J. Recommended Presentation of Proposal

Interested service providers are invited to submit a proposal to justify how they meet the requirements. This requires a submission in two envelopes of Technical Proposal and Financial Proposal respectively:

The Technical Proposal describes the:

- (1) Expertise of the Service Provider;
- (2) The proposed Work Plan and Approach for reaching Results. This includes description of how the key results can be achieved within the timeframe and resources allocated;
- (3) The requirements for experience and qualifications are met;
- (4) The roles and responsibilities can be fulfilled;
- (5) How a baseline will be established for each site and monitoring framework put in place;
- (6) Setting up of a working relationship with the FA, the cantonments and Divisions as well as MOE central and decentralised competent authorities and that of MLMUPC;
- (7) Risk assessment with mitigation measures for the project implementation.

The Financial Proposal which presents proposed price schedule and time frame to deliver the services in a cost effective manner.

In addition, the service provider should provide documentation on legal status of organisation and audited financial statements for the past three years.

K. Criteria for Evaluation of Proposal

The Technical Proposal is evaluated on the basis of its responsiveness to the TORs. The Financial Proposal is evaluated based on the cost-effectiveness of proposed price.

For the Technical Proposal the criteria apply to the Expertise of the Organization:

- *Reputation of organization and its staff;
- *General organizational capacity which is likely to affect implementation, including financing capacity and strength of project management support and controls;
- *Extent to which any work would be further sub contracted and to whom;
- *Quality assurance procedures;
- *Demonstrated working experience on formalized community-based forest
- *Demonstrated experience in working with communities;
- *Demonstrated experience in data collection and analytical work feeding in to strong M&E system;
- * Service Providers have to show official registration by the RGC requirement.

L. Annexes to the TOR

Project document.

Inception Report.

Request for Proposal II: Strengthening the production and marketing of energy efficient cook stoves, efficient kilns and supply of wood biomass energy through Community Forestry/ Community Protected Area (CF/CPA) woodlots. Capacity building and follow up on recommendations in MIME “Wood and Biomass Residues Energy Strategy” regarding wood energy supply and demand

The Request for Proposal 2 (RFP 2) comprises Component 3 and elements of Component 1 of the SFM Project.

A. Project Title:

“Strengthening sustainable forest management and bio-energy markets to promote environmental sustainability and to reduce greenhouse gas emissions in Cambodia (SFM Project)”

B. Project Description

The SFM Project will be implemented over four years from March 2011 to February 2015. The total SFM project’s budget comprises of a cash grant of 3,863,635 USD with GEF providing 2,363,635 and UNDP 1,500,000 USD. The GEF funds are provided with reference to global environmental objectives of the Biodiversity Convention, the Convention to Combat Desertification and the Framework Convention for Climate Change. The **present RFP 2 comprises the SFM project’s Component 3** with selected policy and capacity building **elements of Component 1 included**. Component 2 is **not included in the present RFP**, but close integration among all components is a must.

Detailed analyses, background and goals of the project can be found in the project document. The GEF web site for the 2010 SFM document is at http://www.thegef.org/gef/sites/thegef.org/files/documents/document/4-26-10%20-Web%20Posting%20-%203635_3.pdf

The project document signed by Forestry Administration (FA, 2011) can be requested from the UNDP/FA as electronic copy. The project was designed in 2009. Since the endorsement by GEF in 2010 amendments in budget, Strategic Results Framework and activities have taken place and the budget has been cut by 1 mill USD due to a shortfall in UNDP contribution. This means the Budget and Budget Notes included in the GEF project document should not be copied in a Financial Proposal. **See Inception Report**, for more information.

The project will be implemented at national level and in four provinces surrounding the Cardamom Mountains complex: Kampong Speu, Kampong Chhnang, Pursat and Battambang, with possible expansion to Pailin constituting a range of interventions in the periphery of the Cardamom Mountains Complex in order to contribute to the protection of this complex of Protected Areas (PA) and Protection Forests. The target PA areas for CPA management plan development are Phnom Samkos and Phnom Aural Wildlife Sanctuaries.

The Implementing Partner is the FA of the Ministry of Agriculture, Forestry and Fisheries (MAFF). The General Department of Administration Nature Conservation and Protection

(GDANCP) of the Ministry of Environment (MOE) will be collaborating in support of the CPAs. The General Department of Energy of the Ministry of Industry, Mines and Energy (MIME) will be collaborating in support of wood energy efficiency issues, and the Ministry of Land Management, Urban Planning and Construction (MLMUPC) will be collaborating in support of a limited number of local land use plans, i.e. Commune Land Use Planning (CLUP).

The Project Objective is to “strengthen national SFM policy, integrate community-based sustainable forest management into policy, planning and investment frameworks and create markets for sustainable bio-energy technologies that reduce CO₂ emissions”. It has three main technical components or outcomes for which provision of services is required divided among two RFPs. The three outcomes read:

4. *National capacities and tools exist to facilitate the widespread implementation of sustainable community-based forest management and technologies that reduce demand for fuel wood*
5. *Community-based sustainable forest management is being implemented effectively within a context of cantonment/province, district and commune level planning and delivering concrete benefits to local communities*
6. *Strengthened demand and supply chain for energy efficient cook stoves*

The aim of the SFM project is to strengthen sustainable forest management by creating incentives for communities to engage in SFM. At field level the project results will feed - as the implementation progresses - into policy and planning at central level for the improvement of the regulatory framework for decentralized forest management and wood energy supply and contribute to capacity building. In Component 3 the SFM approach is mainstreamed by increased production and marketing of improved stoves and kilns and woodlots for dedicated energy purposes. It seeks promoting sustainable energy production from wood biomass thereby reducing forest degradation that is caused by fuel wood and charcoal producers.

The sector context of the required services for the RFP 2 is establishing the sustainable mechanisms of wood energy efficiency with the aim to reduce Green House Gas (GHG) emissions. Over 84% of households in Cambodia meet their energy needs through fuel wood, which supplies approximately 70% of the total national energy demand. Rural families use on average around 5 kg of fuel wood per day. The direct use of fuel wood for cooking is set to decrease, due largely to substitution by other energy sources; however, this reduction is estimated at less than 50% over the next 20 years, while over the same period the consumption of charcoal (produced from the same raw material as the fuel wood that is used directly) is expected to triple. This heavy extraction of fuel wood near urban centers is leading to forest degradation.

The two provinces of Kampong Speu and Kampong Chhnang are major sources of fuel wood and charcoal for urban centres, in particular to the national capital Phnom Penh. Much of the wood that is collected is converted into charcoal locally, using highly inefficient artisan kilns. Each year charcoal producers and wood sellers are collecting wood from areas further away from roads, closer to and inside the Protected Area of the Phnom Aural Wildlife Sanctuary.

The amount of fuel wood used and the amounts of CO₂ emissions released can be lowered by the use of energy-efficient cook stoves. For example, energy-efficient cook stoves comprise the New Laos Stove, the Neang Kongrey stove and Vattanak Palm Sugar Stove. The Vattanak Palm Sugar Stoves save up to 40% of fuel wood requirement for very poor local producers of palm sugar and make possible a much improved final product in the form of granulated palm sugar, with significantly higher market value and potential for regional and global export. Also improved kilns which can use green biomass are found.

Production of the new stoves by local masons has already been piloted in Cambodia, and a commercialization strategy is in place making the stove accessible to very poor producers. The goal is to raise the production and marketing of efficient stoves' share to 60% of the total cook stoves market in Cambodia documenting reductions of CO₂. Models for energy-efficiency stoves and wood energy production businesses through CFs ready for replication elsewhere in Cambodia will be coordinated with business models of Component 2 to feed into the regulatory framework (step 9) for CF development.

The policy context for RFP 2 is partly the National Forest Program (NFP) sub-program 4 on CF because of the aim to pilot CF (or CPA) management plans that cater to production of wood energy. And it is partly and primarily the policy context constituted by the General Department of Energy/MIME-sponsored *Strategy for Wood and Biomass Residues Energy* to be completed by end of 2011 addressing the supply as well as demand side of wood energy. At policy level (Component 1) the interventions will contribute to the implementation of the recommendations of the MIME Strategy and in the field the implementation of the component 3 will have firm working relationship with provincial Department of Industrial, Mines and Energy (DIME), MIME, staff working on renewable energy.

The service provider will during implementation keep the strategies and funding of other complementary projects in mind for synergy, e.g. the various initiatives under MIMEs *Implementation Plan for Biomass Energy Supply and Demand*, a project that forms part of the World Bank-supported MIME project on *Rural Energy Strategy and Implementation Plan*. Similarly, the initiative to be sponsored by AFD with MOE for CPAs in Phnom Aural Wildlife Sanctuary on possible green charcoal production will constitute synergy with the SFM project but at the same time allow for a clear identification of SFM project results.

C. **Scope of Work**

The Scope of Work comprises production and marketing of improved stoves, promotion of improved green charcoal kilns combined with the kiln biomass supply and development of 5 CF (and/or CPA) management plans. The objectives of the CF management plans to be prepared will be production of biomass supply for stoves and green charcoal kilns resulting in increased sustainable supply of energy from woodlots and an increased market for sustainable energy efficiency. At the community level a number of technical training initiatives are required for stove producers, palm sugar stove users, kiln workers and community forestry members. Gender issues must be integrated in all training activities. The combination of Component 3 and elements of Component 1 requires technical support to field level as well as to policy level, where the service provider must apply efficient communication strategies to inform and support policy makers, NGOs, local forest managers, and other stakeholders, as well as to publicize research information and extension materials, and to make these available to relevant stakeholders. At policy level it particularly includes development of financing strategies for energy efficiency linked to carbon finance.

Administrative Service Provision

Set up a focal point (one - two full time hired staff) in the field to cover selected cantonments/provinces. This staff will work on all wood stove production and marketing issues as well as the CF related issues with the Cantonment level Project Coordinator deployed under Component 2. The staff will establish firm relations with the Forest Administration Cantonment (FAC) as well as establish regular working relations with all concerned provincial officers of the provincial DIME. Office space will be provided in the SFM office space of cantonments.

At central level the service provider will place one project supervisor permanently in the SFM Office in FA (with approval of FA), Phnom Penh where the person will interact daily with the Project Manager, the Project Director as pertinent and with the National Project Advisor and Assistant as well as with the designated focal persons in other ministries such as the General Department of Energy.

Selection of short term and long term technical and support staff required for the effective execution of project activities related to stoves, kilns and CF management plan development, permitting the timely delivery of project outputs and achievement of outcome indicator targets including proved reductions of CO₂ emissions. The support staff is considered full time employed till the end of the project, while technical staff may be short term consultants whose skills are required for particular inputs such as training. Determination and establishment by start of contract of detailed *administrative procedures* at central level and in provinces in collaboration with FAC and DIME are required for efficient and transparent use of project financial resources and the optimum use of human resources. The service provider will upon selection by start of contract establish detailed *administrative procedures* in collaboration with FA and GDE and for the provincial level enter into an MOU with FAC and DIME through the GDE, MIME regarding a commitment for future funding for government staff to participate in project activities and implementation. Actual budgets will be included in Annual Work Plan (AWP) based on the work plan of the year ahead. A lump sum estimate for the duration of the project is to be included in Financial Proposal.

Prepare short Work Plan for remaining part of 2011 and full AWP for 2012, 2013, 2014 and 2015. This should form an *integrated part of overall Cantonment Annual Work Plans* where Component 3 is related to CF management plan development for wood energy production. The AWP for 2012 will not be fully integrated into government work plans for 2012 as these would have been prepared already in 2011, e.g. the AWP for CF work in 2012 will not be fully integrated into cantonment AWP as these would have been prepared already in 2011. Preparation of work plans in general will take place in consultation with the cantonments and renewable energy officers of the provincial DIME, Project Director, Project Manager, National Project Advisor and part time CTA. AWP are to be endorsed by the Project Board.

Preparation of *quarterly work plans*, expenditure reports and disbursement requests according to the formats and procedures of FA and UNDP, subject to approval by the Project Manager and Project Director under advice from the national project advisor and part time CTA.

The service provider will be required to prepare inputs for inclusion in the Project Progress Report (PPR) each quarter, Annual Review Report (ARR) and for the completion of the annual *Project Implementation Review (PIR)* to be submitted to the GEF. The Project Manager, National Project Advisor and Part time CTA will be responsible for final preparation.

The service provider will together with FAC and DIME inform the Provincial Rural Development Council of the project.

Technical Service Provision

The interventions under Component 3 and 1 are to be detailed in the AWP. Component 1 results will be generated both by special support to Component 1 (training and capacity building and policy feed back on wood energy issues) as well as by a regular feed back of lessons learnt from the field. Suggested arrangements for such feed back to policy level must be defined in proposal to show clear understanding of the tasks. Component 3 results are generated in the field with communities and government staff. The service provider must coordinate for synergy with Component 2 (RFP 1) in relevant landscapes working through the provincial coordinator (deployed under Component 2) and DIME and through staff in the SFM project office in Phnom Penh.

The service provider will facilitate the increased production of improved cook stoves according to targets which requires the building of more production centers. Ensure better energy efficiency in charcoal kilns which requires the promotion of new techniques to be expanded and alternative wood supply, including green tree cuttings to be made available and tried out. Ensure testing development of CF management plans for woodlot enterprise development. This requires the service provider to work *mainly* with CF communities that have reached a certain stage of consolidation with Agreement (step 7) in place or with CPA at a similar stage. **The management plans must be based upon a review of existing experiences with woodlots and on existing studies of wood energy demand, wood flow patterns and the location and nature of threats to forests from unsustainable firewood extraction.**

The improved wood stoves shall create a reduction in rates of emissions of CO₂ due to the reduced levels in the consumption of fuel wood characteristic of efficient cook stoves, reductions in the rates of loss of forest carbon stocks as a result of reduced deforestation, and increases in forest carbon stocks as a result of the establishment of woodlot plantations. Targets and indicators are found in the Strategic Results Framework of the project.

The service provider will be responsible for generating the project results and impact together with the relevant government agencies, i.e. the FA and the General Department of Energy and the Wood Energy Working Group.

Technical service provision requires the service provider to explore the ways and opportunities for **private sector** entities to engage with the communities in support of their business development during project implementation and to possibly continue after the project is over. The service provider will explore the ways and opportunities for private sector entities to provide technical support during project implementation and to possibly continue after the project is over. Private sector stakeholders (essentially a typology of business enterprises and institutions with existing or potential interest in SFM and forest-based businesses) comprise

- Micro, Small and Medium Enterprises (MSMEs) in the target areas, including cook stove producers;
- MSMEs outside the target areas;

- SMEs and larger enterprises in the provincial urban areas;
- Larger enterprises in Cambodia;
- Financial institutions (MFIs and banks);
- Investment funds – in Cambodia and abroad, purely commercial as well as social funds;
- Business development service providers in the target areas and outside;
- Other service providers in various areas (including technical artisans supporting cook stove producers);
- Chambers of commerce and sector business associations.

The service provider must coordinate annual work plans with those under the Cambodia: Rural Electrification and Transmission Project (RETP) of MIME under World Bank support, whose module for Non Power Rural Energy includes initiatives such as *Commercialization of efficient Household Cook Stoves Project* (funded under RETP/Aus-AID) and the *Sustainable Charcoal Pilot Project* also under RETP. In line with the Non Power Rural Energy component of RETP the SFM project's goal is to establish community forestry business development plans for production centres of charcoal linked to improved energy efficient kiln technology and at the same time strive for the sustainable management of forest resources to supply Cambodia's charcoal demand. The SFM project results must be clearly verifiable in the context of and synergy with other ongoing activities. Please see Inception Report, September 2011 section D.

The Technical Proposals submitted should contain a tentative work plan for the Stove Production Centres and CF (and CPA) sites to be addressed during 2012 and the Financial Proposal must reflect this.

2011

Under the assumption the contract starts in 2011 the service provider must use 2011 for mobilization and baseline establishment. Baseline establishment to be started but will be continued into 2012. To be revised to reflect with the actual time frame

2012 - 2015

Planning for Component 3 Results

The AWP must address but not be limited to

- * Establish and apply baseline for results monitoring comprising present consumption of wood for fuel and charcoal in a defined area and associated CO₂ emissions as well a target group income, in particular women's income, from project interventions.
- * Prepare baseline for volume of production and sale of improved cook stoves by start of 2012.
- * Identify initial selected sites for stove production, where participating potters are identified and from where marketing can be undertaken with limited costs.
- * Identify palm sugar producers for adoption of improved technologies.
- * Identify with involved FAC the potential 5 CF sites step 7 ready for management plan preparation where communities are interested in developing plantations/ undertake forest regeneration for thinning for wood fuel (or alternatively 1-2 CPAs).
- * Design participatory approaches for engaging in consultation, situation analysis, resource assessment and joint management planning with local community members in order to

maximize the sustainability of results. This comprises among others: assessment of fuel wood consumption in target areas, assessment of charcoal production in the area and source of wood, and developing business plans for CFs, potentially with women's groups on wood production.

* Facilitate and fund the preparation of an inventory together with FAC staff of selected CF sites for management plan preparation that includes fuel wood/green charcoal enterprise development objectives and business plan development as part of the management objectives.

* Preparation of business plans with groups of potters / communities and define benefit sharing as part of the business plan. Separate women focus groups must be formed as part of the planning to inform, empower and facilitate participation in decision making and engaging women in pottery.

* Initiate work that will support the removal of barriers to the development of small-scale enterprises, tolls and taxes and transport tariffs and simplification of permit systems is necessary.

* Ascertain options for private sector involvement in each case.

* Technical training on stove pressing, improved kilns and clay mixing and training of palm sugar stove producers.

* Undertake regular calculations on CO₂ reductions to feed into project results framework.

Planning for results in Capacity Building - Component 1

This comprises capacity building of FA/FAC, GDE/ DIME officers (and possibly Departments of Environment/PAs if CPAs are addressed). Local technical capacity development is required in aspects including assessment of the quantity and quality of available biomass energy resource, the design, engineering and installation of biomass-based energy systems and facilities, the design and local manufacturing of equipment or components of biomass-based energy systems, the operation and maintenance of biomass-based energy systems and facilities and Research and Development (R&D) on alternative/innovative biomass-based energy systems. Activities may comprise, among others:

* Define capacity needs assessment of the involved agencies at provincial level in order for them to implement the mechanisms required for collaboration and undertake training.

* Train FAC in understanding wood energy supply and wood energy balance.

* Train DIME in understanding the role of community forestry in wood biomass supply.

* Undertake training of cook stove producers in aspects such as ceramic production, entrepreneurial skills and the identification of and access to markets for cook stoves in order to ensure their abilities to continue and expand production after the project ends.

* Define sustainable collaborative mechanisms at provincial level between FAC and DIME as a vehicle for communication to address the supply side of wood energy.

* Undertake separate training in development and monitoring of carbon payment mechanisms for improved cook stove production and charcoal kilns.

* Support the Wood Energy Working Group with documents on results and progress.

* Identify entities that can operate as 'brokers' for carbon credits where a part of the credits received would be used to cover administration and other costs of the 'broker'

Planning for Component 1 Improved Policy Framework Results

Identify with FA and GDE all recommendations linked to wood supply in the GDE, *Wood and Biomass Energy Strategy* and define ways to support the recommendations, in particular mechanisms for implementation within the context of SFM.

Collaboration at policy level pertains to collecting data on supply forecast trends of wood energy through the forest management for the coming years, estimate of actual forests areas harvested for wood fuel purpose, annual increment in different forest types, possible work on data on the GIS/skill WISDOM developed by FAO “Wood fuel Integrated supply/ demand overview mapping in Cambodia” (2008) and ways to organize stakeholders in wood energy. Support to the establishment of a monitoring system to enable regular updates of wood energy supply, consumption and prices as baseline to develop Cambodia National Wood Energy Statistics and formulate and promote a national level regulation to administer wood energy production, supply and consumption. Support should be provided, if feasible, to design and initial implementation of a National Woodlots Programme.

Gender mainstreaming

The project implementation in the field must integrate gender/women’s issues in all activities and interventions. The gender mainstreaming is to be carried out through learning by doing. It includes ways to record gender disaggregated data in baseline and reflect gender targets and data into reports and plans. The service provider must integrate gender (women) awareness in planning, benefit sharing and monitoring. The AWP’s at all levels must contain one indicator that captures gender inclusion, e.g. number of women as producing and marketing stoves, number of women working on improved charcoal kilns, number of women on management committees of woodlot CF sites and number of women gaining an income. Increased use of improved cook stoves is expected to improve women’s physical wellbeing by reducing their exposure to smoke and the amount of time that they need to spend collecting firewood, or the impact on family budgets of purchasing fuel wood.

The interventions must give attention to women’s needs, capacities, and constraints (such as existing workload e.g. women collect firewood from very far away, which was not considered very important by the men) in the promotion of wood-based businesses, and to ways of integrating gender in ongoing capacity building at national and sub-national levels. Women must have access the market information and credit to improve the business for improved cook stoves and green cuttings for charcoal as well as charcoal production. This includes attention to cultural norms and their interplay with involving men and women in project processes.

The service provider must apply selection criteria for start-up grants, target women entrepreneurs and set up gender-sensitive indicators and collecting gender-disaggregated data for important activities that are linked to set targets for women’s participation.

In the proposal the service provider must identify potential resources needed for implementation and describe what capacities and resources it can draw on from the organization and the partners and how the project will communicate gender concerns with stakeholders.

The AWP’s must contain indicators that capture gender inclusion, including among others, the results of the increased awareness of Division and Cantonment forester as well as Department of Energy staff.

Monitoring

Predefined targets at output level must be found in the Annual Work Plans of the service providers. An Annual Project Review (APR) meeting will be conducted during the fourth

quarter of the year to assess the performance of the project and appraise the AWP for the following year. In the last year, this review will be a final assessment. This review will be driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs and how these are aligned to outcomes. Attention must thus be paid to the project's results framework, the UNDP results matrices and the FA framework for M&E in order to guide a process for baseline establishment that can service the different requirements.

Baseline: The service provider will be required as part of start up of activities and work plans to establish the baselines for the specific sites for a management information system, i.e. a baseline against which management decisions are taken by the service provider and Project Manager/Director and against which impact can be measured. The results include outcomes reached for production and marketing. The baseline on stove production and marketing and CF management plan development must include gender segregated data and indicators.

Predefined targets at output level must be found in the Annual Work Plans of the service providers. The service provider will be required as part the mobilization and scoping phase prepare annual work plan for 2012 and establish the baselines for CO₂ emissions and other outputs. **The contractor will establish baselines for CO₂ emissions in order to be able to measure the reduction of CO₂ emissions and feed into** the development of models of competitive funding mechanisms for improved energy efficiency identifying institution(s) responsible for managing potential schemes. This will further entail capacity development of institution(s) responsible for managing schemes based on identification and capacity assessment of candidate institutions capable of functioning as brokers for carbon credits, and development and negotiation with such institutions of protocols for the management of these schemes. This includes determining the proportion of the credits that would be used to cover administration and other costs, the negotiation and formalization of commitments by such institutions to fulfil this role and the nature of support (in the form of advice and troubleshooting, for the operation of such schemes). The service provider will explore the ways and opportunities for private sector entities to provide technical support during project implementation and afterwards and set up mechanisms for a project exit strategy.

The service provider must define in the Technical Proposal the arrangements to be made to coordinate and consolidate lessons learnt with Component 2 (RFP 1). Both components, 2 and 3 (or RFP 1 and RFP 2), must feed into Component 1. The FA SFM project office in Phnom Penh, the cantonments and the DIME will provide the venue for government staff and service provider staff of the two components (RFP 1 and RFP 2) to meet regularly.

Dissemination and Replication

The service provider must ensure the production of easily-accessible documents regarding lessons learnt at field level (such as viable forest-based businesses and management models). The service provider will keep the Technical Working Group on Forestry and Environment (TWG - F&E), the National Community Forestry Coordination Committee (NCFCC) and the GDANCP informed and interact with these for feedback and determination of a project exit strategy.

D. Expected Outputs

The expected outputs are

1. Baseline with local level indicators established for results monitoring linked to higher level indicators (income, capacity enhancement, marketing, gender etc).
2. Baseline for stove related CO₂ emissions.
3. Six production centres for efficiency cook stoves established. The 6 centres **must be clearly additional** to centres that potentially are established under the Cambodia WB/MIME *Rural Energy Strategy Program*.
4. Business plans developed for the cook stove production centres.
5. Detailed training needs assessments for improved cook stove producers.
6. Training programs designed and implemented.
7. Completed placement of all stoves in retail outlets in order to facilitate market penetration
8. Market share of improved cook stoves increased from the current baseline (to be determined at the project start) to 17% by end of project.
9. Market share on palm sugar stove increased from 0.1% to 4% by end of project.
10. Number of improved cook stove units sold increased from 30,000 to additional 90,000 in PY3 and 180,000 in PY4.
11. Improved charcoal kilns established linked to five CF management plans for green charcoal trials and charcoal marketing.
12. 16 additional efficient charcoal kilns installed by end of project.
13. Five CF woodlot management plans developed. The service provider may opt to establish woodlots as ordinary CFs or as a Partnership Forestry with the commune council or use CPA for green charcoal biomass provision.
14. Increased market share of improved technologies.
15. Reduction of CO₂ emissions as per target in Strategic Results Framework.

Expected reductions in CO₂ emissions expected as a result of the project (Project Document)

Stoves and kilns	Total number disseminated during project	Total number in use at end of project	Total CO ₂ emissions reductions during project (tCO ₂ eq)	Numbers disseminated per year in years 5-12	Numbers in use every year in years 5-12	Annual CO ₂ emissions reductions in year 5-12 (tCO ₂ eq/year)	CO ₂ emissions reductions in year 13 (tCO ₂ eq/year)
Improved Cook Stove	270,000	270,000	79,200	180,000	360,000	79,200	39,600
Palm Sugar Stove	800	800	3,040	0	800	1,520	0
Efficient Charcoal Kilns	16	16	246	0	16	123	0
			82,486			80,843	39,600

16. A verified emission reduction (VER) scheme in place and audit reports document reductions.

17. Training in accessing carbon finance mechanisms completed.
18. Training programs for provincial level FAC and Department of Energy Development that link wood supply and demand sides of wood energy.
19. Trained 100 stove producers.
20. Trained 800 palm sugar producers.
21. Trained stove producers' income raised from 40USD/month to 60 USD/month.
22. Trained Community Forest Management Committee and CF members in wood for fuel and charcoal production as business enterprises.
23. Financing generated from forest/wood energy related to carbon credits risen from 500,000USD to 1,500,000USD.
24. Financing generated from other funding sources (banks, green funds etc) by end of project is 500,000USD

E. Institutional Arrangements

The GEF and the UNDP provide the project funding. The UNDP is the implementer for GEF. The project is implemented under UNDP National Implementation Modality (NIM) by FA as Implementing Partner, where the term 'implementation' is defined as the management and delivery of program activities to achieve specified results that will contribute to development outcomes, as set forth in the Results Framework and Annual Work Plans. The Implementing Partner assumes full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs. The Implementing Partner may enter into agreements with other organizations or entities, known as 'responsible parties', such as service providers (or NGOs), that may provide goods and services to the project, carry out project activities and produce project outputs. Responsible parties are accountable directly to the implementing partner. The supporting services for implementation of SFM project activities will be contracted to service providers through a tender/Request for Proposals. In the present SFM project the FA will call for proposals and hold contracts with the winning contractors.

The service providers will work closely with the Forest Administration (FA) and FA Cantonments (FAC) and the MIME General Department of Energy. The project office is in FA to where the service provider will deploy one person, if necessary, and in the provinces 1-2 qualified full time staff as required. In each cantonment the SFM project has a coordinator deployed under Component 2 (RFP 1). This coordinator will also support the Component 3 in its collaboration with the FAC concerned. The project director and the project manager are FA government staff, while UNDP provides a National Project Advisor, a National Project Assistant and a part time CTA/ Advisor/ international consultants.

The Project Support role of UNDP provides project administration, management and technical support to the Project Manager as required. The project manager of FA will be assisted by the UNDP National Project Advisor and Assistant in supervising the use of UNDP resources and supervising the performance of responsible parties such as service providers to achieve the expected results as specified in the AWP and project document. The support staff hired by the service provider will perform all duties related to the service provider's obligations to FA.

The service providers will receive funds on a quarterly basis on the basis of quarterly progress reports and the Annual Work Plans. The service provider will report to the Project Manager and the Project Director of FA. UNDP will provide oversight, but also support

services upon request from the FA for activities within the Project Document, and in accordance with the regulations, rules and procedures of UNDP. The General Department of Energy of MIME is a collaborating partner.

F. Duration of the Work

The duration of work is from the signing of contract till the end of February 2015.

G. Duty Station

Main office is in the FA, Phnom Penh. Field activities are in Kampong Speu, Kampong Chhnang, Pursat, Battambang and Pailin.

H. Qualifications of the Successful Service provider

Long Experience of working on wood energy with MIME and with FA must be documented. At least four years experience of working with improved wood stove development. Results of previous projects must be presented. Cost effectiveness must be stated. Capacity to design and undertake training and capacity building must be documented. Lessons learnt and inputs to policy deliberations in renewable energy and carbon financing must be documented.

To be a successful service provider the service provider must meet the following 3 criteria:

d. Expertise of Improved Energy Efficient Stove Development, Charcoal kilns and CF Plantations for Wood Production

Skills in business development for improved stoves, kilns and wood lots are necessary and a required feature of the NGO competency. At least four years experience of working on production and marketing of improved cook stoves and reduction of CO₂ emissions as a result must be documented. Experience of working with FA in the field on community forestry must be described as well as results of other modalities of wood producing plantations. Working relationship with General Department of Energy/MIME must be highlighted. Cost effectiveness must be stated. Capacity to design and undertake training and capacity building must be documented. Lessons learnt and inputs to policy deliberations in forestry and renewable wood-based energy sector in Cambodia must be documented. In particular, skills in business plan development based on natural resources management and development are necessary and a required feature of the service provider's competency.

e. Proposed Work Plan and Approach

Demonstrating understanding of the tasks is required. The approach must detail the development of planned mechanisms at central and local level for combining FA's role in wood supply with GDE's role in wood demand in order to a balanced approach to wood energy.

f. Expertise

Proposed national staffing of long term and short term consultants/coordinators must be outlined. CV of improved stove business/enterprise development staff must be included in proposal as well as that of carbon financing expertise. CV of the central level supervisory staff to be stationed in the SFM project office in FA in supervisory role must be included.

I. Scope of Bid Price and Schedule of Payments

The first two months of contract are considered the mobilization period where administrative arrangements between FA and service provider are put in place and relationship to other government agencies collaborating with the project is established. It is the period where the service provider will prepare work plans together with cantonments and DIME for the first quarter specifying the particular sites for development of stove production centres and CF sites for wood lot development as part of management plan development.

In the Instructions to Tenders it is stipulated that the RFP is a Two Envelope request. Thus, the service provider’s Financial Proposal is to be submitted in a separate envelope from the Technical Proposal, see Instructions. For the duration of the project the Financial Proposal must contain an estimate of funding to be made available to cover activities of provincial government staff e.g. cantonments and departments of industry, mines and energy (covering among others DSA and fuel etc.) based on the MOU to be established with the said agencies at the start of the project. The MOU will not stipulate any amount funding but the AWP will each year include funds for activities by government staff (DSA and fuel and others) in collaboration with the service provider’s technical assistance staff. Thus a lump sum for the duration of project must be included in the Financial Proposal.

The service provider’s Financial Proposal is to be submitted in a separate envelope from the technical proposal. It must contain a number of pre-defined budget lines for start-up grants as follows

Business support to palm sugar cook stove producers and cook stove distributors

9 palms sugar cook stove producers and 17 cook stove distributors		99,335USD
Start-up grants for cook stove production centres	6 cook stove production centres	180,000 USD
Risk sharing for loans from micro-finance institutions	100 cook stove producers	24,000 USD
	800 palm sugar stove producers and ceramic parts producers	40,000 USD

Office equipment for cantonment level operation must be included. Budget for transport must also be included.

J. Recommended Presentation of Proposal

Interested service providers are invited to submit a Technical and Financial proposal to justify how they meet the requirements. This requires a submission in two envelopes of Technical Proposal and Financial Proposal respectively:

The Technical Proposal describes the

- Expertise of the Service Provider;
- The proposed Work Plan and Approach for reaching Results. This includes description of how the key results can be achieved within the timeframe and resources

allocated;

- How the requirements for experience and qualifications are met;
- How the roles and responsibilities can be fulfilled;
- How a baseline will be established and monitoring framework put in place;
- Setting up of a working relationship with the FA, the cantonments and Divisions as well as MIME/GDE central and decentralised competent authorities;
- Risk assessment with mitigation measures for the project implementation.

Financial Proposal presents the proposed price schedule and time frame to deliver the services in a cost effective manner.

In addition the service provider should provide documentation on legal status of organisation and audited financial statements for the past three years.

K. Criteria for Evaluation of Proposal

The Technical Proposal is evaluated on the basis of its responsiveness to the TORs. The Financial Proposal is evaluated based on the cost-effectiveness of proposed price.

For the Technical Proposal the criteria apply to the Expertise of the Organization:

- * Reputation of organization and its staff
- * General organizational capacity which is likely to affect implementation, including financing capacity and strength of project management support and controls
- * Extent to which any work would be further sub contracted and to whom
- * Quality assurance procedures
- * Demonstrated working experience with FA and General Department of Energy
- * Demonstrated experience in working with communities
- * Demonstrated experience in data collection and analytical work feeding in to strong M&E system

L. Annexes to the TOR

Project document

Inception Report

Annex 4

Manual of Procedures and Standards (Extracts from UNDP, Cambodia 12/6/2010)

The text below is of relevance to the SFM Project.

MANAGING INPUTS

Inputs will be mobilized by the IP and responsible parties to produce the agreed outputs. Project risks will be managed. Monitoring and oversight will be performed by the project board and designated individuals and reports will be prepared. Lastly, project planning shall be undertaken as a continuing and iterative sub-process to produce annual workplans for approval at the beginning of each year.

At the start of the phase 'Running a Project', the government mobilizes the inputs that it pledged to contribute to the project. The office space will be designated as the project's official address

The implementation of the projects requires that the national institution acting as implementing partner has the technical and administrative capacity to assume the responsibility for mobilizing and applying effectively the required inputs in order to reach the expected outputs. The IP will have varying levels of responsibility in the management of inputs such as financial resources, human resources, technical assistance, and vehicles and equipment. It is expected that "implementation by government" modality contributes to build national capacities.

Financial Resources Management¹⁰

UNDP rules state that "Where the financial governance of an implementing partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, that of UNDP shall apply." Even when the implementation policies agreed to be used for the project are those of the IP's, the IP is still responsible for ensuring that at no point during project implementation will UNDP's minimum requirements for sound financial management be disregarded. The following procedures have been formulated to be consistent with the said minimum requirements.

The IP is responsible for:

- Ensuring financial staff are properly qualified and trained;
- Ensuring appropriate project bank accounts are established and signatories are maintained up-to-date;
- Maintaining proper financial accounting and management systems and procedures acceptable to UNDP;
- Implementing comprehensive and effective internal controls for project financial operations;

¹⁰ Source documents include UNDP Financial Rules and Procedures and the MEF Financial Management Manual for Investment of Externally Assisted Projects (September 2005)

- Undertaking all disbursement functions, tasks and activities of the project, in strict conformity with the guidelines and systems and procedures governing disbursements from the project account and the use of project resources;
- Preparing and submitting timely reports on expenditures and requests for fund authorization in conformity with requirements;
- Monitoring financial performance of the project and timely decision making to address variances to plans/budgets, elevating issues to the project board as needed;
- Monitoring financial management practices against established guidelines and addressing shortcomings based on internal monitoring and external audit findings; and
- Facilitating external audits arranged by UNDP.

As part of risk mitigation, advances can be given to IPs that have installed an accounting system, one that is managed by a trained finance personnel and have adopted financial rules and procedures that do not contravene UNDP's own financial policies. A sound internal control framework needs to be in place and functioning as well. If the country office considers that the advance modality is not being used correctly by the implementing, the country office can discontinue this practice and manage all project payments through direct payments.

Setting Up a Financial Information Management System

The IP shall maintain financial accounts and records as are necessary to enable it to report on the financial status of funds obtained from or through UNDP, including in particular the balance of recorded allocations, expenditures and commitments. A computer-based financial information management system (FIMS) shall be employed for this purpose. The IP, in consultation with UNDP, shall determine the most appropriate FIMS to adopt for the project in case the IP does not have an agency-wide system or in case the current system does not meet standards. Considerations in selecting a FIMS include, cost effectiveness, ease of use, IP's familiarity with the system, compatibility with future IP-wide financial management system, among others. The cost of putting up a FIMS for the project, including training and refresher courses for finance staff, may be charged against project funds.

Project Accounts

The principal accounts shall consist of:

Project accounts by source of funds, showing:

- Project number;
- Fund receipts
- Project allocations;
- Disbursements;
- Unliquidated obligations;
- Unencumbered balances of allocations;
- Appropriations after modification by any transfers between activities or expense accounts;
- Credits, if any, other than appropriations made in the project document; and
- Disbursements.

- (a) Primary accounting records as follows:
- **Cash Receipts Journal/Book** - a record in date order of cash funds received by the project in an accounting period, transactions are based on sequential numbering of official receipts and bank receipt vouchers.
 - **Cash Disbursements Journal/Book** - a record of expenditure transactions with dates, amounts and payees based on the sequential numbering of the payment vouchers and checks/bank transfer authorities.
 - **General Journal** - used to record non-cash transactions, such as direct deposits or direct payments, to the General Ledger.
 - **General Ledger** - transactions from the Cash Receipts Book, Cash Disbursements Book, General Journal Book are posted to the relevant ledger accounts. The ledger accounts are organized to identify the nature of the transaction and to enable summarizing of financial data in the general ledger.

Other registers and records are maintained to assist with managing and controlling the project's financial activities and resources. Examples include asset registers, inventory registers, contract registers, withdrawal application registers, contract securities registers. The major steps in the accounting process for a project are summarized below:

Transaction processing – approve transactions and enter the transactions in the receipt and disbursements journal or general journal creating a record of events in date order.

Posting to Ledger Accounts - post debits and credits from the journals to the appropriate ledger accounts creating a record classified by accounts.

Prepare a Trial balance – produce a trial balance from the general ledger account balances and prove the equality of debits and credits in the ledger.

Make month end adjustments – reconcile control accounts (e.g. bank accounts, advances accounts) and prepare adjusting General Journal entries and post to the ledger accounts.

Prepare an adjusted trial balance – again produce a trial balance from the general ledger account balances and prove the equality of debits and credits in the ledger.

Prepare financial reports and financial statements - an income statement/statement of sources and use of funds shows result of operation for the period. Balance sheet is needed to show the financial position as of given period of time

Journalize and post closing entries - the closing entries clear the revenue and expense accounts, making them ready for recording the transactions and events of the next accounting period.

Prepare an after closing trial balance - this step ensures that the ledger remains in balance after posting of the closing entries.

The project Finance Officer shall certify that to the best of his/her knowledge, information, and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules.

Documenting Financial Transactions

Financial transactions are recorded in the financial accounting system from source documents. These documents should be standard and should allow for proper control such as authorization of transactions. The prime source documents of the financial accounting system are:

- **Official Receipt** - used to document the receipt of cash and checks.
- **Bank Receipt Voucher** - used to document the receipt of funds directly deposited to a bank account of the project, usually from UNDP or the Bank (bank interest).
- **Payment Voucher** - used to record payment transactions where mode of payment is by Check. The fund is drawn from project's bank accounts.
- **Petty Cash Payment Voucher** - used to record payment of transactions from petty cash funds of the project. There is no direct posting of petty cash vouchers to the general ledger, the transactions are recorded in the Petty Cash Book and then the expenditures are summarized and posted at regular intervals to the ledger.
- **General Journal** - used to record non-cash transactions which affect the project's resources and obligations where there are no actual receipts or disbursements of funds. It is commonly used to record adjustments, accruals, reclassifications and settlement of cash advances individual project staff members.
- **Cash Advance Form** - used to record transactions of cash advances which are treated temporarily as advances until they are liquidated/cleared.
- **Purchase Order** - used to record official orders of goods to suppliers or contractors. This procedure is not widely used in most projects in RGC, as the contract method of procurement is the preferred method of procurement in RGC. However there are some projects where this method of procurement is followed for purchasing of minor items.

Supplementary documents that will support the primary source documents may include:

- Approved Payment Request – for petty cash fund
- Bank credit advice - for Bank Receipt Voucher
- Invoices, Statements of Account - for Payment voucher

Chart of Accounts

The correct use of the Chart of Accounts is critical for accurate financial, management and donor reporting. The individual values, which in combination describe a specific financial activity. The coding for accounts should ensure proper recognition of revenue and expenditure, as well as assets and liabilities of the project. In constructing the chart of accounts, the following basic principles should be observed:

- Accounts should be arranged and designated to give maximum information without the need for supplementary analysis.
- The account code structure should also be designed to support accuracy in coding of financial transactions.
- Account titles should reflect as far as possible the purpose as well as the nature of the revenue or expenditure.

- Account codes should be structured to enable identification and reporting of financial information for financial management of project activities and to facilitate monitoring of the quality and reliability of the financial information.
- The chartfield or the combination of the difference account codes must answer the following questions:
 - Whose transaction is it? (project number, implementing partner, responsible party)
 - What type of transaction is it? (revenue, expenditure, advance, etc.)
 - Where does the money come from? (donor or fund source)
 - What is the money being used for? (activity, budget category, cost category)

The Implementing Partner may devise its own chart of accounts as long as the financial information sent to UNDP in the form of reports or requests for fund authorization makes use of the required budget and expense codes. If the IP uses its own chart of accounts, a conversion table will be prepared to show how its own chart translates to corresponding UNDP expense and budget categories and codes.

Modifications to the Chart of Accounts must be controlled with the chief financial officer being responsible for approving any required modifications.

Opening a Project Bank Account

If direct cash transfer is the approved mode of cash transfer, the implementing partner shall open a bank account to be used only for receiving UNDP advances and to make payments for the project. The bank account should be opened under the name of the project. Opening a separate bank account for the project will usually lower risk.

It is mandatory that for control purposes the implementing partner account be managed with double signature. It should be clear that this bank account should not be used for purposes other than receiving UNDP advances and making project-related payments with these advances. This account must not have access to any credit (i.e. overdrafts) nor be used for investments. At the finalization of the project, it is the responsibility of the implementing partner to close this account and refund any remaining balances to UNDP.

Note that the bank accounts opened by the implementing partner for advances and expenditure should not be considered as owned by UNDP but are project accounts (where the implementing partner is responsible), and not UNDP accounts. UNDP will not make arrangements for opening or closing such accounts, and will not be in any case a signatory for these accounts. The implementing partner must maintain strict control of such bank accounts, making bank reconciliations monthly, and must keep on file all documentation related to account transactions.

The implementing partner/project should not use the name of UNDP in any project bank account title, thereby eliminating any possible confusion between the transactions of the implementing partner/project and those of UNDP. The implementing partner/project should be asked to certify that this is the case.

Using FACE

The harmonized Funding Authorization and Certificate of Expenditures (FACE) form simplifies the paperwork to authorize expenditure or transfer cash to implementing partners.

The FACE supports several important functions:

- Request for funding authorization: The section “Requests / Authorizations” will be used by the implementing partner to enter the amount of funds to be disbursed for use in the new reporting period. The amounts indicated may be accepted, rejected or modified by UNDP.
- Reporting of expenditures: The section “Reporting” will be used by the implementing partner to report to UNDP the expenditures incurred in the reporting period. UNDP can accept, reject or request an amendment to the expenditures reported.
- Certification of expenditures: The section “Certification” will be used by the designated official from the implementing partner to certify the accuracy of the data and information provided.

In the process of certification, the designated official attests to one or both of the following statements:

- That the funding request shown represents estimated planned expenditures according to the CPAP/annual work plan and that itemized cost estimates have been attached and/or;
- That the actual expenditures for the reported period have been disbursed in accordance with the CPAP/annual work plan and previously approved itemized cost estimates. Further, the designated official attests that the supporting accounting documentation will be made available, upon request, for a period of five years.

The IP shall receive a copy of the approved FACE from UNDP, together with the notice of disbursement, check, etc.

FACE overall approach and guiding principles

The FACE replaces all other documentation used by partners for requesting funds and reporting expenditure. Not all sections of the form will be used at all times. For instance, for an initial disbursement, only the request section of the form will be completed. For a final payment upon annual work plan completion, only the reporting section will be used.

The FACE will be used for direct cash transfers, reimbursements to implementing partners and direct payments. No FACE will be processed without the appropriate signature from the designated implementing partner official.

The FACE is aligned with the annual work plan. The activities for which funds authorization is requested, or for which expenditure is reported, will be the activities specified in the annual work plan.

The FACE is normally certified by the designated official who signs the annual work plan. In all other circumstances, the annual work plan will specify any other official authorized to certify the FACE.

A request for funding included in FACE must be accompanied with an itemized cost estimate of the activities to be funded according to UNDP guidelines. These cost estimates are the same documents consolidated by the IPs for coming up with the quarterly workplan and budget. They are sometimes called “micro budgets” or “activity workplans”. The normal disbursement cycle for the FACE will be quarterly.

Templates and Forms

The forms to request advances have two parts: a) report of expenditures made for the past quarter, and b) request of advance (if needed) for the next. While the standard frequency for advancing project funds and reporting expenditures is quarterly, the IP may do so more frequently if needed.

Together with the FACE, the project has to send a copy of the bank statement as up to the date of the end of the period reported, to enable the country office to compare bank balances with the FACE balances (UNDP will not make reconciliation between bank statements and expenditures reported in the FACE. This is the responsibility of the IP and correctness of this reconciliation will be determined by the Audit exercise. A bank reconciliation shall be prepared by the IP and attached to the FACE to explain the difference in balances between the FACE and the bank statement. Expenditures must be reported by Activities, Donor, Fund, and Accounts in line with the approved budget in the annual work plan. In all cases, expenditures reported have to be made in the same currency as previously advanced (no changes in currencies are allowed).

The implementing partner must submit the corresponding FACES within the first 15 days of the following quarter (or any time the project needs more funds within the quarter). The quarterly reporting is necessary in order for UNDP to close its accounts for that period and in order to monitor the outstanding balances.

Although every effort must be made in order to obtain the FACES signed every quarter, if for any reason the report is not received by the country office within the established deadlines, it will be considered that no expenditures were made in the period that is closing. The expenditures made in the period not reported, must be reported in the following period, together with justification of failure to report within the established deadlines. No further advances will be disbursed by UNDP in case unreconciled advances exist for the previous six months.

The cover letter for the FACE must include detailed information on payment instructions (bank account, where advances should be deposited).

How to fill up the FACE form

Header area

The header area of the FACE allows the implementing partner to report on the reason and purpose of the funding/ reporting request. This data is usually needed for correct coding in financial and management accounting systems.

Body of the Form

Activity Description: This is a text field containing a short description of the activity as it appears in the underlying annual work plan, as well as its duration. This data is normally needed for UNDP's programme or project management systems.

Coding Column: The second column will allow UNDP to enter its own account codes, as required for UNDP's financial accounting system. UNDP may enter this data itself or it may require the implementing partner to fill it in. If the latter, the training of the counterpart staff will be required.

Reporting area

The FACE is a dynamic form that must balance and reconcile from one reporting period to the next. The first column, Column A, on the new form repeats the last one, Column G, from the previously submitted and authorized FACE form. Note that Column C, D, F and G are shaded. They are blank when the FACE is submitted to the country office. They are filled out by the country office prior to the financial processing of the form. All non-shaded Columns are to be completed by the implementing partner.

Column A – Authorized Amount: Column A will be blank for the first request from an implementing partner. It should include the date of the most recent previous authorization.

Column B – Actual Expenditure: Column B reports the actual expenditures by the implementing partner for the period. The expenditures reported by the implementing partner are, at this point, still subject to review and approval by the country office. The designated official of the implementing partner is certifying that these expenditures are reported in accordance with the provisions of the annual work plan, CPAP and/or other related agreements with UNDP.

Column C – Expenditures Accepted by Agency: Column C is used by the country office to review and approve, reject or request an amendment to expenditures reported by the implementing partner. If the amounts are accepted as reported, no further adjustments to this part of the FACE or communication with the implementing partner about these expenditure is required. However, if changes are made (e.g., to query or reject a reported expenditure), then the amount recorded by the CO in Column C will differ from that reported in Column B. In this case, the change should be communicated with the implementing partner.

Column D – Balance: Column D records the balance of funds authorized for use in the reporting period that remained unspent as of the date of the form. The term unspent can also reflect expenditures which are either known or ongoing as of the date of the FACE, but which cannot be certified by the implementing partner due to timing or internal reporting delays. The outstanding balance of funds authorized by activity can be carried forward, reprogrammed or refunded, depending on the internal policies of UNDP.

Requests / authorizations area

Column E – New Request Period & Amount: Column E determines the period of the new request, which is normally contiguous to the last reporting period. The Column contains the requests for the authorization to spend or receive funds, by activity and for that period. Each time a request for new or additional funds is submitted, it will be accompanied by an itemized list of expenditures in line with the annual work plan. This column can also reflect any balance for an activity in column D, which is requested for reprogramming. This will reduce the total amount of the new disbursement request accordingly.

Column F – Authorised Amount: Column F is used by the country office to establish the amounts of funds, by activity, to be disbursed for the new reporting period. This Column is filled in by the country office. It can be used to accept, reject or modify the amounts requested in Column E. Any credits for reprogramming will be reflected in this column for reconciliation of the amounts.

Column G – Outstanding Authorized Amount: Column G is the sum of Columns D and F, and indicates the total outstanding authorized amount. For subsequent period reporting, the amount of this column will be carried forward to the column A of the new FACE form

Certification Area

The Certification Area is used by the designated official of the implementing partner to request funds and/or to certify expenditures. This area requires a date, the signature of the official and his/her title.

For Agency Use Only Area

Approvals Box: The “For All Agencies” box in the lower left hand corner of the FACE form should be signed by the appropriate UNDP official. This indicates the review and approval of the request for funds and authorizes the recording of the reported expenditures. The official should sign, date and provide his/her title.

Quarterly Cash Advances

Advances can be made to the implementing partner that is responsible for the implementation of the UNDP-supported programmes or projects. In order for the implementing partner to request advances (or payments, etc.), the highest authority of the implementing partner must clearly designate the project personnel authorized to make such requests. In most cases, Project Director is designated by the implementing partner, and is given the authority to request advances, payments, contracts, etc. In order for the country office to control this, the implementing partner must provide the country office with a detailed record of authorized officials, including samples of their signatures.

Periodicity of advances

Advances are made for a three-month period or less depending on the needs of the programme or project, according to the envisaged activities agreed in the annual work plan. The frequency is agreed on between the IP and the country office at the outset of the project. Detailed planning of expenditures to be made by the project and close monitoring by the country office is essential. Reporting of the expenditures made with advances must be done quarterly by the implementing partner. No further advances will be disbursed by UNDP if unreconciled advances exist for the previous six months.

In considering the approval of cash advances, the UNDP Programme Officer must take into account the performance of the relevant project and if continued funding is appropriate. Where the approving manager rejects the advance request, a note to the file should explain why.

Purpose and requirements of the advances

Funds can be advanced to the project for activities contemplated in the annual work plan provided that the corresponding inputs have been budgeted, and provided that the availability of funds can cover the amount requested. Normally for nationally-implemented projects, advances will be made in local currency. However in Cambodia, payment in US dollars is acceptable provided that all reports and other documentation are made in US dollars as well. Note that advances should be requested by the implementing partner and charged by the country office in Atlas to the corresponding Donor/Fund combination, depending on the activities involving expenditure and their associated funding. In this way the reservation of funds corresponding to advances will be recorded in the correct donor fund.

Advances received as checks must be deposited at the soonest possible time in the project bank account.

Monitoring

The IP shall record receipt of advances as well as expenditures against these advances. Advances not liquidated within six months of receipt shall prevent the IP from receiving additional advances from UNDP until the same had been cleared. The outstanding balances of advances in the projects, together with the rate of implementation of advanced funds, shall be closely monitored. If the balance at the end of the period is too high, UNDP country office

must determine where the problem is and, together with the implementing partner, implement necessary corrective action.

Interest Earned on Project Account

Any interest earned on the project bank account from the advances must be included by the implementing partner in the FACE and credited to the project, recording it as miscellaneous income. Bank statements must be filed by the project and a copy should be submitted to the country office together with the FACE.

IP's Assurance Mechanisms

The Implementing Partner must conduct activities on a regular basis to check adherence to financial rules and regulations. Sampling of actual transactions to assess if internal controls were observed has to be done at least once a month. Correctness of entries and of reports generated must be assessed as well. These procedures need to be documented, signed and kept in the project files. If issues arise, these must be discussed with the team concerned and corrective actions taken.

The conduct of internal audit is the responsibility of the IP. It must present proof to the UNDP auditors that an internal audit has been conducted at least once a year.

UNDP's Assurance Mechanisms

There are three mechanisms through which UNDP maintains assurance that the funds provided to each Implementing Partner were received, expended, and reported following the Implementing Partner's system of internal controls for activities agreed with UNDP:

- Periodic on-site reviews of Implementing Partners' financial records for cash transfers
- Programmatic assurance of the implementation of supported activities
- Scheduled audits of Implementing Partners' internal controls for the management of cash transfers

All Implementing Partners who receive cash transfers are subject to these assurance activities. UNDP may even undertake periodic on-site reviews of the Implementing Partner's financial records for provided cash transfers when considered necessary.

a. Periodic On-Site Reviews of Implementing Partners' Financial Records for Cash Transfers. The Country Programme Action Plan (CPAP) includes an authorization from the Implementing Partners for on-site access to the financial records related to cash transfers. UNDP may review an Implementing Partner's records as a matter of routine or in response to a particular concern to establish the soundness of the financial controls and the accuracy of the financial records for cash transfers. On-site reviews may include spot checks by UNDP staff and external consultants, or special audits.

a.1. Spot Checks by UNDP Staff & External Consultants. UNDP may conduct on-site reviews undertaken by its own staff/external consultants, following standards and procedures developed by UNDP.

a.2. *Special Audits.* A commercial audit firm can be contracted by UNDP to provide technical expertise for an on-site review. (The principal difference is that special audits are commissioned to address specific suspected weaknesses and can be implemented on short notice, while the scheduled audits are based on an annual plan of routine audits).

b. Programmatic Assurance of the Implementation of Supported Activities. Programmatic assurance is maintained following standards and guidance established by UNDP and includes receipt of implementation reports from Implementing Partners, site visits by UNDP staff, annual reviews, and evaluations.

c. Scheduled Audits. Audit services cover the overall management of the project's implementation, monitoring and oversight. The scheduled audits will assess the internal control systems used by the Implementing Partner to receive, record, and disburse the cash transfers provided by all Agencies, and the fairness of a sample of the expenditures recorded in the *Funding Authorization and Certificate of Expenditures* (FACE) forms issued during the period under review.

Government partners who disburse more than US\$100,000 in cash transfers from UNDP in one year will be subject to the annual NIM audit to reinforce UNDP's knowledge of the Implementing Partners' internal control systems and management practices.

NIM audits are arranged by UNDP. In order to conduct the audits of nationally implemented projects, an audit firm must be selected, through a competitive request for proposal and procurement process. This selection is made by UNDP and the contract should be signed between UNDP and the audit firm. UNDP is also responsible for procuring the audit services. Each project is charged for the cost of audit accordingly.

The report of each audit should be used to confirm the appropriateness of the existing procedures and modalities, and the scale of assurance activities. Otherwise the report should lead to changes. Furthermore, it must contain the IP's response to the audit findings and recommendations in the form of "Management Comments". Specifically, the auditors of national implementation (NIM) projects should deliver the following:

- A report expressing an audit opinion on the statement of expenditure (Combined Delivery Report - CDR) for the period from 1 January to 31 December YYYY as to whether the expenditure is adequately and fairly presented and the disbursements made are in accordance with the purpose for which funds have been allocated to the project;
- A report expressing an audit opinion on the statement of assets and equipment as at 31 December YYYY as to whether it is fairly and adequately presented;
- A report expressing an opinion on the statement of cash position as at 31 December YYYY as to whether it is fairly and adequately presented;
- A management letter discussing the general progress of the project and any internal control weaknesses that the auditors would have identified in the course of their audit.

UNDP is responsible for following up on the implementation of the audit recommendations and assessing whether the changes have been effective in addressing the weaknesses noted by the auditors.

Budget Revisions

While budget revision may be proposed by all parties, it shall be the responsibility of the implementing partner to ensure that budgets are realistic at all times and to prepare budget revisions whenever necessary. Budget revisions which do not increase the total budgeted amounts at the line level by more than tolerance level set by the Project Board and budget revisions which do not increase the total budgeted amount at the total level shall require only the approval of UNDP and the implementing partner. All other budget revisions shall require the approval of the Government Coordinating Authority, implementing partner, and UNDP.

Disbursements

Any payment must be properly authorized by the Project Director/Manager and the Financial Officer before payments are made based on a valid payment invoice, receipt of goods, and the contract, if any. Payment vouchers must be numbered sequentially and properly dated. Payments should be made by check. Actual expenditures must be compared against budgets and any significant variations should be properly analyzed and reported to Management through the monthly accounts. Checks should be paid out in the name of the company serving as contractor or supplier, or the name of the owner if requested and indicated in the contract.

Petty Cash

Petty cash accounts may be made available to officials designated by the Project Director. These cash accounts shall be maintained on an imprest basis (i.e. replenished once the minimum balance is reached). The maximum amount allowed as petty cash is \$500, unless prior approval is obtained from UNDP.

A project official shall be assigned as the custodian of petty cash advances. In the absence of the custodian, another official shall act as alternate. Proper transfer of petty cash between the responsible officers shall be observed at all times. This includes a proper accounting of funds with both officers signing on the report at the time of transfer.

Petty Cash must only be used for minor expenditure not exceeding \$50 incurred for project purposes. General approved purposes for the use for petty cash include:

- Travel per diems
- Travel advances up to 80% of the expected cost
- Training seminars and conferences minor expenses
- Small office supplies and repairs
- Small communications expenses
- Other miscellaneous small cash expenses

To set up a petty cash fund, a Petty Cash Advance Request, a Payment Voucher and a Check are processed. A Petty Cash Book is set up and the advance is recorded. The Petty Cash Book is maintained

by the Petty Cash Custodian. All transactions are recorded in the Petty Cash Book as they occur and a running balance of the remaining funds of the Petty Cash Advance is calculated.

Combined Delivery Report

The Combined Delivery Report (CDR) is the report that reflects the total expenditures and actual obligations (recorded in Atlas) of a Project during a period (quarterly and mandatory at the end of each year). This report is prepared by UNDP, using Atlas, and certified by the Implementing Partner. As described in more detail below, the CDR combines expenditures from three disbursement sources:

Implementing partner

UNDP procedures require that where funds are advanced to the implementing partner, the implementing partner must submit to the UNDP country office, on a quarterly basis, a FACE including: (1) the status of the advance; (2) a list of the disbursements made since the previous financial report; and (3) a request for a new advance, if necessary. The UNDP country office records the disbursements in Atlas throughout the year as the FACES are received. These implementing partner disbursements are recorded in the *Government* disbursements column in the CDR.

PROCUREMENT OF GOODS AND SERVICES

Request for Proposals: When the request has been approved, the funds secured and the specifications, terms of reference or bidding documents have been prepared, the IP must decide which method of procurement will be used. In any procurement process where cost exceeds US\$2,500, it is mandatory to obtain a minimum of three (3) competitive bids, in order to demonstrate the competitiveness of the process and to obtain the lowest evaluated price, as applicable. However, for procurement under US\$2,500, obtaining three competitive quotations is recommended, through an informal process (the quotations received must be in writing, either via letter, fax or electronic mail).

The most commonly used methods to request proposals for procurement of goods, works or services are the following:

- Local shopping (< US\$2,500)
- Request for Quotation (RFQ) (> US\$2,500 < US\$100,000)
- Request for Proposal (RFP) (> US\$100,000), and
- Invitation to Bid (ITB) (> US\$100,000)

Local Shopping (< US\$2,500): Informal price competition when the amount of the procurement is under US\$2,500. The recommendation is to get three competitive proposals through an informal process (the proposals received must be in writing, either in a letter, fax or electronic mail).

Request for Proposals (RFP) (> US\$100,000): The Request for Proposals (RFP) is mainly used for consulting services or similar services or complex goods. An RFP can also be used in procurements under US\$100,000 when buying goods, services or civil works. An RFP leads to the selection of the proposal that best meets the specific requirements, including price and other factors included in the proposals received, according to the two-envelopes method. It requires compliance with formal procedures.

Request for Proposals Process

After deciding the procurement method to be used (RFQ) the IP must prepare the documents to request submission of proposals for services required. Though the degree of detail and complexity of these documents will vary according to the nature and amount of the potential contract, they must contain all the necessary information to prepare the proposal that provides the best value for services to be delivered.

Solicitation documents generally include the following:

- Invitation Letter;
- Instructions to Bidders;
- Request for Proposal form (that is, proposal, bid, quotation);
- Proposed contract form (that is, purchase order, contract for professional services);
- Conditions for contract; general and special conditions;
- Technical specifications or terms of reference or description of works;
- Evaluation criteria; and
- Minimum qualification requirements.

Language: Solicitation documents and proposals must be prepared in the language chosen by the government/counterpart. The contract signed with the selected bidder must be written in the language selected in the solicitation documents and this language will apply in all communications between the government/counterpart and the contractor.

Invitation Letter must include:

- (1) Reference and Title of process.
- (2) Legal Framework of the process and applicable standards.
- (3) List of documents included.
- (4) Date, place and hour (deadlines) for the receipt and public opening of bids;

Instructions to Bidders: These Instructions should contain all the relevant guidelines that govern the preparation, submission and evaluation of bids. The instructions will contain a list of documents required to build a complete bidding process as well as the fact that a bid may be rejected if it does not contain all the elements requested.

When determining the period of time to submit proposals, the IP will ensure that the time frame is adequate for each bidder to prepare a proposal, bearing in mind the size and nature of requirements. Such period can go from 1 to 6 weeks, depending on the complexity of the input in question.

Alternative proposals: The solicitation documents must clearly indicate whether or not the submission of alternative proposals is allowed.

Amendments of solicitation documents: Instructions will stipulate that additional information, clarification, correction of errors or modification of solicitation documents may be distributed to all bidders before the deadline for reception of bids. Likewise, the offeror will be informed of his/her rights to modify or make corrections to the bid documents that should be submitted in writing and prior to the deadline for the Submission of Bids. Responses will be part of, and will be jointly read with, the solicitation documents.

Currency and payments: Specific instructions will be given as to the currency for quotations and payment that will be used throughout the process and contract. In order to compare offers received, the government/counterpart will have to convert prices offered to one single currency. For example, the UNDP uses the United Nations operational rate of exchange of the day prior to the opening of proposals;

Bid/Proposal Guarantees: The IP has the option to request an insurance policy or a bank guarantee. The amount for such guarantee can rise to almost 2 per cent of the estimated contract value. The guarantee amount must be expressed as a specific amount rather than as a percentage of the total amount of the contract, especially when using a two-envelope system.

Contract Compliance Guarantee: This is required for all contracts involving large amounts (over US\$500,000) in order to ensure compliance with contract. The amount of the guarantee may vary depending on the nature and magnitude of the contract. It is recommendable that the amount of the guarantee be the equivalent to 10 per cent of the contract value and that its validity exceed by at least 30 days the date for contract termination.

The compliance guarantee must be issued in the same currency as the contract and in one of the following ways:

- Bank guarantee.
- Cashier check or certified check.
- Insurance policy.
- Retention of percentage of total payment until final acceptance of good, service or works.

The contract compliance guarantee must be returned to the contractor/vendor within 30 days of contract completion, including any type of guaranteed obligation.

Enquiries by Offerors: Any enquiries on the part of offerors will be handled in writing (letter, fax or electronic mail) or in a conference prior to the submission of Bid/Proposal and/or a combination of both methods.

Written Method: Any potential offeror in need of a clarification relative to the solicitation documents must submit requests for clarification in writing and the response will come only from the person who issued the documents. Responses to such questions will be granted in writing. These responses, together with the text of the questions, must be forwarded to all

prospective bidders or be published, without quoting the origin of the consultation. Written responses will be part of, and will be read out together with, the solicitation documents.

Conference Method, Prior to Bid/Proposal: Through the conference method, requests for clarification by bidders to the procuring entity are responded to in a conference prior to the bid/proposal. In so far as possible, responses will be made orally during the conference and, within a reasonable period of time after the conference, they will be sent to all prospective bidders –those attending the conference or not--or will be published in complete proceedings that record the requests and formal responses.

Submission of Bids: It is the responsibility of bidders to make sure that bids are delivered to the office stipulated on or before the date and time specified and that they are duly signed by the legally authorized representatives. If bids are delivered in person, the bidders must request a receipt from the IP including date and time of reception. Late bids must be rejected. The bids/proposals received after the time specified must be returned immediately, unopened, and accompanied by an explanatory letter that indicates date and time of receipt.

Evaluation of Requests for Proposals (RFP): After proposals are received and opened, the Evaluation Committee, appointed by the IP will conduct the respective evaluation. This Committee must consist of 3 to 5 qualified employees, to ensure transparency and impartiality. If necessary, a specialized consultant may be engaged to help in the analysis of the bids. Each Evaluation Committee member will have to sign a Declaration of Impartiality and Confidentiality, (see Annex 6.2.3 - E).

In the case of professional services, the economic proposal must include details to negotiate with the bidder.

As proposal is received in two separate envelopes, the Evaluation Committee must first open the technical proposals and then the eligible economic proposals. The IP will have two options to evaluate the technical proposals:

- (1) Lower Price: vendors are considered as qualified and with capacity to respond correctly if they obtain a minimum technical score as indicated in the RFP. A proposal that reaches a score of at least 70 per cent can be considered as qualified or entitled. Proposals that do not meet this requirement must be rejected as they cannot respond to what was requested.

Only the economic proposals of those bidders that obtained a minimum score of 70 per cent during the technical evaluation will be opened. The other economic proposals will remain closed.

- (2) Accumulative Analysis: Under this methodology, the total qualification is obtained from combining the technical and economic factors. A technical proposal can be considered as qualified or acceptable according to the score obtained in terms of how it meets the criteria stipulated in the RFQ. The cost of the proposal is considered as an evaluation criteria and it cannot be under 30 per cent of the total score of 100 per cent of all factors indicated in the RFP. The scoring of technical and economic proposals must be clearly indicated in the RFP.

Procurement Review

For all contracts of US\$30,000 or more, the IP appoints for a period of two years a Committee for Contracts, Assets and Acquisitions (CCAA) to advise in writing in an independent and objective way on the procurement and compliance with standing rules and policies.

The CCAA will provide advice on the following procurement actions:

- any contract to be entered with a single contractor with respect to a single requisition valued at USD 30,000 or more.
- any amendment, modification or renewal of a contract previously reviewed by the CCAA, where the contract amendment or a series of amendments in the aggregate either increases the total contract amount by 20 percent or more, or valued at USD 30,000 or more, whichever is less.
- any amendment, modification or renewal of a contract not previously submitted to the CCAA, where the revised total contract amount is valued at USD 30,000 or more.
- proposed contract of any value, which could reasonably lead to a series of related contracts, the total is valued at USD 30,000 or more.
- where the following cases lead to the disposal, write-off or transfer of goods and/or property with an asset value USD 2,500 or more per item:
 - disposal by sale or donation of supplies, equipment or other property (whose ownership had previously been transferred by UNDP to the IP) which are unserviceable through obsolescence or normal wear and tear;
 - write-off of equipment, supplies and other property (whose ownership had previously been transferred by UNDP to the IP) that is lost, damaged or stolen;
 - disposal of project equipment whose ownership had previously been transferred by UNDP to the IP;
 - all vehicle accidents involving project vehicles that had been transferred to the IP where gross negligence is not the cause.
- procurement of services as related to individual consultants under a service contract valued at USD 30,000 or more or in aggregate exceeding USD 30,000 or more.
- any other matter relating to a contract or disposal of an asset as referred to the Committee by the Project Director.

The TORs of the CCAA include the following:

- ensure that the proposed procurement and contract action is in accordance with UNDP Financial Regulations and Rules, these Guidelines and other instructions;
- review the procurement and contract process to ensure that it is fair, competitive, transparent and provides the best value for money;
- review the financial and legal implications of the proposed contract;
- review the evaluation process including the environmental impact;
- ensure that the competitive offer is being sought for disposal of goods, where applicable; and

- when writing-off asset(s), ensure that there is no negligence. If so, provide advice for future action.

The CCAA shall be composed of four Members, three regular Members and a Chairperson, appointed by the Project Director in their individual capacity. The Committee shall have an equal number of alternates.

No Member or alternate may participate in the deliberations of CCAA concerning any submissions originating within their purview, unless specifically requested by the Chairperson, for clarification or presentation purposes. If so requested, the report should stipulate all necessary reasons for their inclusion.

The Committee may include representatives of other departments within the IP. A senior official from the IP must hold the role of Chairperson (as well as the role of the Alternate Chairperson), preferably at least at the director level and must not be directly involved in the procurement function (e.g. as member of the bid evaluation committee).

The Project Director shall appoint as Secretary to the CCAA, an individual with relevant experience and qualifications in procurement and asset management. This can be the head of the procurement unit. The Secretary shall coordinate CCAA meetings; distribute and present relevant documentation to the Members for the facilitation of the meetings; prepare CCAA reports and any correspondence; as well as maintain a permanent record of all documentation and reports. The Secretary shall however retain no voting authority in the committee.

Procuring units within the IP shall prepare all documentation related to the procurement of goods, civil works or services, or the disposal/write-off of goods. The CCAA shall require as a minimum, the following documentation:

- a completed submission form containing the minimum information necessary to render a reasonable assessment; and
- a copy of the solicitation document; published advertisements seeking offers and all offers obtained.

In such cases where the Project Director's decision is contrary to the advice of the CCAA, he/she shall record the reasons for such decision.

Annex 5 Gender Action Plan

UNDP focuses on gender equality and women's empowerment not only as human rights, but also because they are a pathway to achieving the Millennium Development Goals and sustainable development. Preliminary assessment of entry points for gender mainstreaming in the Project Document for SFM had been undertaken by a UNDP Regional Office consultant ENERGIA (Holland). This assessment along with the results of the UNDP *Gender Mainstreaming Workshop*, 9-11 March 2011, Siem Reap, Cambodia and FA's *Gender Mainstreaming Policy and Strategy for the Forest Sector*, 2009 have been used by the Inception consultants' team to make gender mainstreaming requirements a clear feature in the TORs for RFP. Consultants have met with the FA Gender Working Group and consulted its training material and curricula applied at present in project under Danida funding. Consultants also met with the Head of Women Committee, Deputy Chief of Administration and Planning, Ms Sopanha. The focus on gender in FA is divided between the permanent Gender Committee and the Gender Working Group and there is seemingly not a day to day communication between the two as these entities differ with respect to mandate and with respect to the amount of funds they command.

The project implementation in the field must integrate gender/women's issues in all activities and interventions. The NGO will take guidance from the FA *Gender Mainstreaming Policy and Strategy for the Forest Sector*, 2009 to increase FA staff's awareness of the need for women's participation in the forestry sector, and build the staff's capacity to apply a gender analysis framework to identify opportunities and gaps and to address gender concerns in the project. The gender analysis is to be carried out through learning by doing, and include ways to record gender disaggregated targets and data into reports and plans.

The interventions must develop mechanisms to give attention to women's needs, capacities, and constraints (such as existing workload e.g. women collect firewood from very far away, which was not considered very important by the men) in the promotion of forest-based businesses, and how to integrate gender in ongoing capacity building at national and sub-national levels. Women must have access the market information and credit to improve the business. This includes attention to cultural norms and their interplay with involving men and women in project processes.

The service provider must apply selection criteria for start-up grants, target women entrepreneurs and set up gender-sensitive indicators and collecting gender-disaggregated data for important activities that are linked to set targets for women's participation. In the proposal the NGO must identify potential resources needed for implementation and describe what capacities and resources it can draw on from the organization and the partners and how the project will communicate gender concerns with stakeholders.

The NGO AWP must contain indicators that capture gender inclusion, including among others, the results of the increased awareness of Division and Cantonment forester, noting, for instance, foresters forming separate women groups in the villages to inform and discuss CF/CPA management plans prior to full village meetings. The establishment of businesses based on the sustainable management and use of non-timber forest products (NTFPs) has particular potential to improve the economic status of women and their influence over how natural resources are used, given that many NTFP processing activities can be inserted relatively easily into their other productive activities.

Comparison and Synergy between SFM Gender Mainstreaming and FA strategy

				FA
Outcome	Outputs	Opportunities for gender mainstreaming	Possible indicators ¹¹	Policy statement: Enhance gender equality in the forestry sector through active cooperation of both women and men for the opportunity is to contribute and benefit equally from the activities of all sub-sectors in the forestry sector.
<p><u>Outcome 1:</u> National capacities, policies and regulations exist to facilitate the widespread implementation of SFM, integrating energy efficiency, biodiversity, sustainable land management and livelihood considerations.</p>	<p>Output 1.1: A supportive legal framework for SFM</p>	<ul style="list-style-type: none"> ○ Increase awareness and understanding of gender concerns in forest management through integrating gender in ongoing capacity building at national and sub-national levels. ○ Address gender rights in legal framework/technical guidelines for SFM to ensure equal usage rights/ tenure and business opportunities. 	<ol style="list-style-type: none"> 1. To increase the gender awareness of Forestry sector staff at every level; 2. To integrate the gender analysis, sex disaggregated targets and data in reports and plans as well as in all projects and programs in forestry sector; 3. To increase the number of women who have sufficient qualification for management position and advance their careers in Forestry Administration and rural women to access to technical services and manage forestry resources. 	

¹¹ This is a list of tentative indicators, derived from Mainstreaming Gender into Cambodia's UNDP GEF project - Strengthening sustainable forest management and bio-energy markets: Review and Action Planning Worksheet. Once the specific gender activities are identified, the indicators can be discussed further.

	<p>Output 1.2: National capacities and political will in Forestry Administration and GDANCP (General Department for Administration of Nature Protection and Conservation) promote SFM through a decentralised landscape-based approach, integrating commune land use planning. Activities/ components:</p> <ul style="list-style-type: none"> ○ Community-based approaches to forest management and conservation ○ Management planning ○ Business development support ○ increase the availability and consistency of financial resources to support SFM ○ Institutional coordination between different partners 	<p>Take into account existing gender based differences in capabilities and constraints:</p> <ul style="list-style-type: none"> ○ Capitalize on the knowledge, insights and contributions of women and men in forest management ○ Project activities should take into account gender differences in women's vulnerabilities to climate change adaptation and mitigation 	<p>...% staff trained on gender responsive participatory planning (gender session integrated in national capacity development)</p>	<p>Output 1.1: Gender awareness is trained for new and old staff of FA Output 1.2: Information and related documents to gender issues in forestry sector are published and disseminated widely to all levels of FA staff. Output 1.3: Gender awareness is integrated into curriculum of Forestry Faculty. Output 2.1: Women contributions are integrated into FA annual work plan. Output 2.2: Resources and budget allocation for planning process, monitoring and evaluation of gender mainstreaming in forestry sector. Output 2.3: Conduct discussed forum on gender mainstreaming of forestry sector should be done once annual with key persons from FA and other stakeholders. Output 3.1: Number of women in FA increasing. Output 3.2: Provision of at least equal opportunities between women and men in promotion as management position of FA. Output 3.3: Enhancement capacity and ability of rural women to participate in forestry resources management and conservation.</p>
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<p><u>Outcome 2:</u> Community-based sustainable forest management is being implemented effectively within a context of cantonment/province, district and commune level planning and delivering concrete benefits to local communities</p>	<p>Output 2.1: Plans in FA cantonment and MOE protected area offices for development of community-based forest management, integrated with local development plans</p>	<ul style="list-style-type: none"> ○ Maximise the developmental benefits and livelihood opportunities for local men and women from community managed forests and protected areas ○ In pilot areas, build in systematic gender analysis within the local development plans, and Commune Land use planning ○ Facilitate women & marginalized involvement in decision-making in CF and CPA planning at the local level ○ Women involvement CF & CPA monitoring mechanism 	<ul style="list-style-type: none"> ○ ...% of the capacity building of provincial and sub provincial staff and local government trained on trained gender responsive participatory planning ○ ...% of CF and CPA management plans specify gender issues in user rights ○ Gender-sensitive budgeting of local SFM budgets ○ ...% women officers/volunteers in CF monitoring mechanism 	<ul style="list-style-type: none"> ○
	<p>Output 2.2: Models for rapid CF allocation and quick benefit generation from community management of forests</p>	<ul style="list-style-type: none"> ○ Incorporation of gender issues and meaningful participation of community women in the development of management plans in selected CFs and CPAs in the pilot/target provinces ○ Inclusion of gender sensitive indicators on resource sustainability, and incorporating them into management plans, together with provisions and protocols for their measurement, the analysis of the results and their feedback into adaptive management. ○ Encouraging women to establish and managed forest based livelihoods, through <ul style="list-style-type: none"> - attention to women's needs, capacities, and constraints (such as existing workload) in promotion of forest-based businesses, and 		

		<ul style="list-style-type: none"> - through selection criteria for start-up grants and target entrepreneur training. <p>The project may need to take extra measures in order to make it a reality for women to start up such activities. These measures could include: linking women to markets/ helping women improve quality of traditional products /introducing new forest-based products for sale).</p>		
<u>Outcome 3: Strengthened demand and supply chain for energy efficient cook stoves</u>	Output 3.1: Local technology suppliers capable of producing, distributing, maintaining and financing improved cook stoves	<ul style="list-style-type: none"> o Due consideration to women as <ul style="list-style-type: none"> - Consumers: practicality for women as users (design, prices, fuel, workload) - Producer: potential for employment and women entrepreneurship o Incorporate lessons from other international experiences on cook stoves/ other cooking energy dissemination ¹² o Explore the possibility of involving women in various supply side functions o Affirmative action to support women in these functions 	Improved quality of life for women and men, girls and boys (<i>targets based on baseline study</i>) <ul style="list-style-type: none"> - increased income - hours of workload reduced, - health and nutrition - education (esp girls) <p>...% grants for ICS production centres in the name of women</p> <p>...% of budget for targeted activities for women (skills & leadership training, women groups)</p>	

¹² Some lessons include: including women in cook stove design (Stove etc stoves), affirmative actions to encourage women to become biogas masons (Biogas Support programme Nepal), such as special women-focused masons training programmes, special training (skills/ confidence/ refresher), additional incentives, gender sensitive posting, ensuring conducive atmosphere (child care, trainings closer homes), award for best mason/supervisor/entrepreneur [women and men separately].

A comparison of SFM Gender mainstreaming options with prescriptions in the FA strategy indicates that the FA strategy primarily focuses on awareness raising which is also part of the SFM strategy, but that SFM strategy for gender mainstreaming is much more operational and geared towards a particular project and the way it is to be implemented and monitored.

Annex 6 Risk Log (updated from the Project Document) **(Each Service Provider should be given a Risk Log to update regularly)**

#	Description	Date Identified	Type	Impact	Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
1	Limited viability of forest-based businesses due to low productive potential of forests, limited capacity or interest of forest communities to organize and limited interest from private sector due to unproven viability	2009	Environmental, organizational, other	4	3	Tailoring of SFM practices to different forest types, inclusion of complementary sources of incentives, systematization and sharing of experiences on benefits of organization and entrepreneurship and potential viability of businesses, provision of start-up funding	Service providers and FA	Kirsten Ewers	15 Sep 2011	CF sites not yet identified
2	Limited capacity in FA to undertake Procurement and Financial management according to NIM	2009	Financial / operational	4	3	UNDP in September 2011 undertakes an assessment of which areas FA needs capacity building to run according to NIM. UNDP conducts training in September 2011 or primo October	UNDP	Kirsten Ewers	15 Sep 2011	UNDP in planning stage for training of FA
3	Delay in UNDP support to FA capacity building in NIM prevents delivery of 2011 Work Plan	Sep 2011	Financial / operational	4	3	UNDP must in September 2011 prepare a clear road map for how to train FA in NIM financial management and procurement and call for proposals and how UNDP will support FA during the implementation of the project	UNDP	Kirsten Ewers	15 Sep 2011	UNDP to prepare plan for capacity building of FA

#	Description	Date Identified	Type	Impact	Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
4	Limited and/or ineffective participation of Government staff due to limited technical capacity and lack of salary supplements	2009	Financial/operational	4	3	Service providers have MOU with provincial line agencies on funding their participation in 'activities'. Each line agency will know how much is set aside in AWP and can plan accordingly.	Service Providers	Kirsten Ewers	15 Sep	RFP to be issued in Oct and the MOU discussed with chosen service providers
5	Integration of GDANCP into the interministerial technical team of focal persons from FA, GDE, GDANCP and DLMUP proves difficult due to MOE hard feelings that they do not own the project	15 th Sep 2011	Operational	4	4	FA and UNDP to consult with high level government staff in MOE to guide the GDANCP to participate	FA and UNPD and GDANCP	Kirsten Ewers	15 Sep 2011	

#	Description	Date Identified	Type	Impact	Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
6	Cantonments do not have the capacity to engage with many donor supported projects in the same province/cantonment	2009 and 15 Sep 2011	Operational	4	3	Preparation of AWP by cantonments together with all ongoing projects will identify problem areas and devise the means for solving them, through contractors' deployment of provincial coordinators	FA and service providers	Kirsten Ewers	15 Sep	SFM cantonments are supported by Danida 2011 to prepare work plan for 2012 SFM project will have coordinator in each province to assist FAC Only Battambang and Pursat have other heavy donor projects

#	Description	Date Identified	Type	Impact	Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
7	Limited commitment and participation by Government (e.g. reduced political commitment to decentralizing forestry and supporting demarcation, continued favouring of powerful actors through ELCs, inadequate capacity in FA to fulfill role as implementing partner, slowness in developing pending regulations or MAFF issuing agreements, reluctance of sectors to collaborate)	2009 and Sep 2011	Political, organizational	4	3	Monitoring and troubleshooting by UNDP and Development Partners with the FA in the TWG F&E; support and facilitation of collaboration at field and province levels; monitoring, systemization and awareness raising on social benefits and resource sustainability achievable through decentralization; support to formalization of occupancy and usufruct rights of forest communities	RGC DP	Kirsten Ewers	15 Sep	TWG and DP lead by AFD are preparing analysis of ELCs' impact and cover in Cambodia RGC alerted to the problems
8	Co-financing arrangements and/or partnerships do not transpire	2009	Organizational, strategic, financial	4	2	Diversification of co-financing sources; negotiation and communication of opportunities for synergies and mutual benefits with partners and private sector; generation of income sources such as carbon payments/REDD	Service Providers and FA	Kirsten Ewers	15 th Sep 2011	Awaits project implementation
9	Inadequate local governance conditions prevent threats to forests from being effectively combated and SFM benefits being shared and reinvested	2009	Organizational	4	3	Facilitation of participatory formulation of culturally-acceptable benefit sharing rules; generation of equitable income (e.g. from forest-based businesses and carbon payments) that will be reinvested in forest protection;	Service Providers and FA	Kirsten Ewers	15 th Sep 2011	Awaits project implementation

#	Description	Date Identified	Type	Impact	Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
10	Climate change increases frequency of forest fires and livelihood vulnerability of forest communities, and reduces their commitment to SFM	2009	Environmental	2	3	Generation of income (e.g. from forest businesses and carbon payments) that will be reinvested in forest protection, and support to diversification of productive and livelihood support options	RGC	Kirsten Ewers	15 th Sep 2011	unknown
11	Large size and complexity of project target area affects practicability of field operations, increases costs and limits field level impacts at individual sites	2009	Operational	4	3	Project will mainly focus on 4 provinces (operations in other provinces will be limited and largely indirect); effectiveness will be subject to continuous review by inter-ministerial team of focal persons and project manager	Service Providers and FA	Kirsten Ewers	15 th Sep 2011	The targeted CF and CPA are meant to be near each other
12	Emergence of alternative technologies with which energy efficient cook stoves are unable to compete in the market	2009	Other	4	2	Monitoring of consumer preferences; ongoing R&D in order to adapt technologies and maintain their competitiveness	Service provider MIME	Kirsten Ewers	15 th Sep 2011	unlikely

Annex 7

Issues Log

Project Title: <i>Strengthening Sustainable Forest Management and Bio-Energy Markets to Promote Environmental Sustainability and to Reduce Greenhouse Gas Emissions in Cambodia</i>						Award ID: PIMS No. 4136		Date: September 2011	
	Description	Date Identified	Type	Impact & Priority	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	FA does not have the capacity to undertake procurement and financial management of the SFM project according to NIM	Sep 2011	Management	Priority = 5	UNDP will carry out assessment and undertake capacity building of FA to make this NIM modality successful and able to deliver Work Plan 2011	UNDP	Kirsten Ewers International Consultant, Inception Phase Management Advisor	14 th Sep 2011	Waiting
2	Focal Persons of SFM key Ministries have not yet officially assigned to join the SFM Project Team	August – September 2011	Management	The key focal persons are the first team members to kick off the SFM project running Priority = 5	FA, as SFM Project Implementing Partner to issue official letter requesting focal persons from these Ministries UNDP to keep pushing FA to engage the key Ministries inviting them	FA and UNDP	Kirsten and Vuthy, Before the Inception Workshop happen (October 2011).	15 September 2011	Under pushing process.

3	Appointment of Board Members for SFM project from key Ministries	September 2011	Management	<p>If Board member is formed, Board meeting can convened and the Board meeting decision should play crucially important role in follow up activities.</p> <p>Priority = 5</p>	UNDP, with the endorsement of FA, to issue letter to MAFF – being as project beneficiary – for intervention of the Ministerial Board Member appointed from key Ministries.	FA and UNDP	Kirsten and Vuthy, Before the Inception Workshop happen (October 2011).	15 September 2011	Under discussion with FA
4	FA willingness to accept advice from UNDP	August – September 2011	Management	<p>Higher level of UNDP should be involved in coordination with FA</p> <p>Priority = 4</p>	<p>E&E Cluster management level has consulted with FA but issues raised have not much been taken into consideration by FA.</p> <p>UNDP Country-level should meet with FA regularly for technical assurance issues to get higher consideration from FA.</p>	UNDP	Kirsten and Vuthy, Before the Inception Workshop happen (October 2011).	15 September 2011	To be taken into consideration by UNDP
5	Approval of ToRs (Bid 1 & Bid 2)	August – September	Technical Issue	The approval of the ToRs will affect on the delay of the	Along with Project Manger/Director, UNDP to endorse the	UNDP	Kirsten and Vuthy, Before the	15 September 2011	To be taken into consideration

		2011		<p>project implementation process. the ToRs should be ready by the Inception Workshop.</p> <p>Priority = 4</p>	ToRs.		<p>Inception Workshop happen (October 2011).</p>		by UNDP
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Annex 8 Stakeholder Consultations in the Inception Period

Royal Government of Cambodia

H.E. Mr Chheng Kim Sun	Director, Forest Administration, MAFF
H.E. Mr Chea Sam Ang	Dep Director, Forest Administration, MAFF
Mr Khorrn Saret	Dep Director, Department of Forestland (Forest) and CF)
Mr Kong Ratanakoma	Dep Director, Dept of Forest and Community Forestry, FA
Mr Hour Lumchhun	National Coordinator, Clinton Foundation, FA
Mr Srey Marona	Director of Office for CPA Development, MOE
Mr Kim Sarin	CPA Development Officer, GDANCP, MOE
Mr Nhem Sovanna	Sr. NREM Advisor, NCDD, MOI
Ms Peou Vorleaks	Dep Director General, General Dep of Energy
Mr Victor Jona	Dep Director General, General Dep of Energy
Mr Heng Kunleang	Director, Energy Development Department
Mr Prak Angkeara Planning, MLMUPC	Dep DG, Department of Land Management and Urban

In the field of Battambang, Pursat, Kampong Chhnang and Kampong Speu

Several staff members of the FA Cantonments and the MOE Department of Environment

UNDP

- Mr Lay Khim Assistant Resident Representative, Team Leader
Environment and Energy Cluster
- Mr Chhum Sovanny Programme Analyst
- Mr Sameer Karki Regional Technical Advisor, GEF, UNDP, Bangkok
- Advisors:
- Valdemar Holmgren CTA, Cambodia Climate Change Alliance, MOE

Other UN

Jeevanandhan Duraisamy	Climate Change Officer, FAO
Yemi Katerere	Head, UN-REDD Programme Secretariat

EU

Koen Everaert	Attache, EU
Alexander Hinrich	EU FLEGT mission
Vincent van den Berk	EU FLEGT mission

Bilateral Donors

- Mr Jacob Jepsen Counsellor Development, Danida
- Ms Mao Moni Ratana Senior Programme Officer, Danida
- Mr Franz-Volker Mueller GTZ, Land Administration Team Leader, MLMUPC
- Mr Daniel Adler Land Advisor, World Bank
- Mr Rogier van Mansvelt Rural Energy Expert,
- Mr Muong Sideth Project Officer, Agence Francaise de Développement
- Hiroshi Nakata Technical Advisor, FA, JICA
- Satoshi Akhahori Director, Forest Carbon Sink Strategy Office, Forest Agency, Japan
- Ms Ronit Gerard USAID

NGOs

- James Bampton RECOFTC, Bangkok
- Edwin Payuan RECOFTC Country Program Coordinator, FA
- Peak Monau Partnership Coordinator, Pursat, RECOFTC
- Amanda Bradley PACT, CFI
- Mr Seng Bunra Deputy Director, Conservation International
- Mr Oum Sony Community and Environment, Fauna and Flora International
- Mr Tom Clements Wildlife Conservation Society
- Tom Evans Wildlife Conservation Society
- Stewart Gee Program Support Officer, CONCERN
- Samram Tuy USAID
- Matt Zimmermann GERES
- Mathieu Van Rijn GERES

Consultants for donors

Mr Jean-Philippe Jorez	IED, consultant for MIME on Wood and Biomass Energy
Mr Ky Chanthan	Managing Director, CCDE
Mr Leuk Dana	Renewable Energy engineer, CCDE
Mr Clive Hughes	In House Advisor, MIME, energy strategy
Mr Dennis Lesnick, Fintrac,	Director, Chief of Party, for USAID Harvest Project

Mr Sean C Austin, Project	NRM and Biodiversity Director, Fintrac, for USAID Harvest
Mr Andrew McNaughton	for HARVEST, USAID
Mr Lic Vuthy	for HARVEST, USAID
Mr So Than	Land Use and Forestry Specialist, Danida FA M&E study
Mr Steve Gossage	Consultant, Danida M&E study

Besides one to one consultations the Inception Consultant had occasion to participate in various workshops and meet and discuss with attendants there, to attend TGW F&E meetings and to attend Development Partners' meetings.

Annex 9 POC scheme in draft

POC Schemes or Decree 10 will be used by the contractors. The POC will cover FA staff, GDANCP staff, Department of Energy Development Staff, and Department of Land Management and Urban Planning. The latter three organizations POC is meant primarily for provincial level. Central level staff may be deployed under “individual contracts” in the budget.

POC TERMS OF REFERENCE

Introduction

The SFM Project will play a critical role in implementing priority actions as identified in the National Forestry Programme (NFP) and the National Strategic Development Plan 2009-2013 related to sustainable forest resource management, conservation, and community-based forest management. The objective of the project is to strengthen sustainable forest management (SFM), through integrating community-based sustainable forest management into policy, planning and investment frameworks and creating markets for sustainable bio-energy technologies which reduce CO2 emissions. Program 4 of the NFP is the main program to which it is aligned. The project is implemented by Forest Administration of the Ministry of Agriculture, Forestry and Fisheries in collaboration with the General Department for Administration of Nature Protection and Conservation (GDANPC) of the Ministry of Environment (MOE) for expanding SFM at landscape level into Community Protected Areas (CPA).

It will collaborate with MIME regarding renewable energy, in particular wood energy and with MLUPC for Commune Land Use Planning (CLUP). Support is provided by United Nations Development Programme (UNDP) and Global Environment Facility (GEF). A number of project activities will be implemented under contracted NGO. The project commenced on 1st March 2011 and will close 28th February 2015. The project operates in selected areas of Kampong Speu, Kampong Chhnang, Pursat and Battambang where it shall coordinate with ongoing donor-supported community forestry projects. The Priority Operating Cost (POC) is a transitory instrument that has been established to support the implementation of programmes and project within the framework of development cooperation in order to reach a balance between performance and equity.

The Goals/Objectives

The goal of the SFM Project is to address the barriers of limited capacities and incomplete regulatory framework to support SFM, local communities are not able to realize potential benefits from forests, and therefore have limited motivation and/or means for their sustainable management and conservation, and limited dissemination of available energy-efficient technologies for the use of fuel wood and woody biomass.

These barriers will be addressed through three main outcomes:

1. National capacities, policies and regulations exist to facilitate the widespread implementation of SFM, integrating energy efficiency, biodiversity, sustainable land management and livelihood

2. Community-based sustainable forest management is being implemented effectively within a context of cantonment/province, district and commune level planning and delivering concrete benefits to local communities
3. Strengthened demand and supply chain for energy efficient cook stoves

With endorsement from the main supporter of the project, United Nations Development Programme, the project will participate in the Priority Operating Cost (POC) Scheme with the objective of supporting key development priorities being pursued by the Royal Government of Cambodia within the FA of Ministry of MAFF.

Terms and Expected Results of the POC Scheme

Duration:

The POC payment will commence on xx 2011 and the end date for the current POC scheme is June 2012. Any continuation beyond this date is subject to the conclusions of the December 2011 review and the endorsement of the main donor, UNDP.

Beneficiaries:

The POC is intended to support civil servant working for the Royal Government of Cambodia, specifically in the FA under the Ministry of Agriculture, Forestry and Fisheries at the national and sub-national level.

Beneficiaries of the POC Schemes under this project cannot benefit from more than one POC scheme payment.

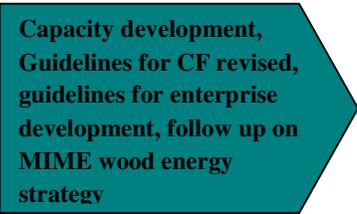
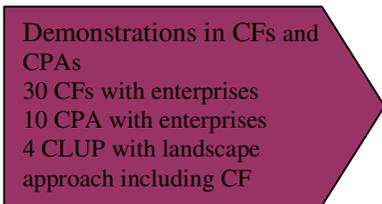
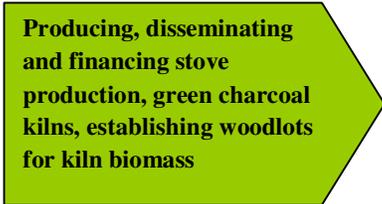
Recruitment and Selection of Project staff

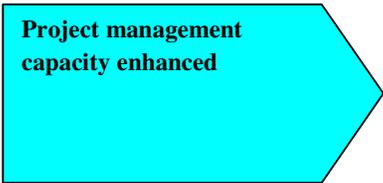
The SFM project starts mid 2011. It is hosted by FA as the implementing partner at central level and by its cantonments and divisions in four provinces. The GDANCP of the MOE is also a collaborator for project activities for the CPAs and the Department of Energy Development of MIME is a collaborator for the project's component 3 while MLUPC's Land Management Departments in provinces will collaborate on CLUP.

Expected Results

The objectives of POC Scheme is to facilitate RGOC give priority support the contractors achieve the expected results stipulated in the Project Document of the SFM Project by ensuring transparency, fairness for government staff engaged in the implementation of this project. The POC scheme aims to improve motivation, loyalty, professionalism among civil servant involved in the project.

Expected Results for the terms of reference of the POC Scheme are summarized below. It is recognised that results of SFM project are produced in synergy with other donor-supported CF projects and projects that support CPA as well as wood energy efficiency. The results are based on the expected results of SFM Project for a 14 months period May 2011 to June 2012:

Objectives	Expected Results over a four year period. Results of the one year period up to June 2012 must all be seen to lead towards the End of Project Results
1.	
 <p>Capacity development, Guidelines for CF revised, guidelines for enterprise development, follow up on MIME wood energy strategy</p>	<ul style="list-style-type: none"> *Legal framework in draft for 4 kinds of CF *All CF and CPAs around the Cardamom Complex benefit indirectly from SFM project support to capacity building and amendment to legal framework *Wood Energy/Biomass Strategy support provided to MIME *SFM included in 4 commune land use plans for future through CF and CPA management plans under a landscape level approach
<p>2. Community-based sustainable forest management is being implemented effectively within a context of cantonment/province, district and commune level planning and delivering concrete benefits to local communities</p>	
 <p>Demonstrations in CFs and CPAs 30 CFs with enterprises 10 CPA with enterprises 4 CLUP with landscape approach including CF</p>	<ul style="list-style-type: none"> *30 CFs and 10 CPAs identified for future enterprise development for income generation, e.g. bamboo business, energy woodlots * Printed materials prepared for FA staff and local communities on current rules and regulations regarding royalties and taxes *Consultations completed with 4 communes for CLUP and for potential partnership forestry, setting aside land for CF development, and including CF and CPA in land use plans **Joint AWP prepared by Cantonments for all donor support to CF * central and provincial co-ordination teams of focal staff in government agencies
<p>3. Strengthened demand and supply chain for energy efficient cook stoves</p>	
 <p>Producing, disseminating and financing stove production, green charcoal kilns, establishing woodlots for kiln biomass</p>	<ul style="list-style-type: none"> *200 stove producers identified *trainers identified *200 producers trained to support expansion of production centres and road map for business plans developed *6 cook stove production centres operating for NKS stove and Palm Sugar Stove appraised and rendered support in collaboration with business consultant

4. Project Management has increased capacity	
 <p>Project management capacity enhanced</p>	<ul style="list-style-type: none"> *capacity building in undertaking NIM-based financial management and procurement *capacity building based on results from RECOFTC and CBNRMLI individual capacity needs assessment *capacity building takes point of departure in Danida supported capacity building needs assessment of FA *design of training modules for cantonment that match SFM requirements *inputs provided to provincial co-ordination forums between sub-national line agencies, govt staff and NGOs

Monitoring and Evaluation Reporting

In order to ensure the effective administering and impact of the POC scheme, the following monitoring and evaluation outlines will be used to track progress on the achievement of expected results:

- Periodic review of progress against expected results based on the UNDP and GEF project monitoring procedures and adoption of necessary corrective actions
- Annual evaluation of NPD and NPM work plans and achievements and provision of feedback and corrective action
- Provision of clear terms of reference and expected outputs to all project position (for civil servants, contract staff and project advisors) engaged in the implementation of the project
- An annual POC scheme evaluation report will be produced based upon project work plan evaluations and distributed to the chairman of the council for administrative reform and the PAR Technical working group, along with an annual financial expenditure report.

Positions and Organisational Structure

The number of positions, type and cost for FA officers are presented in the table below:

Type of Position	No of Positions	POC per position per month	Total Cost for 15 months
National Level			
Project Director	1		
Project Manager	1		
Cantonment Level			
Provincial Project Directors-PDA	4		

Implementation of operations cantonment (cantonment or division)	8		
Implementations of operations - division	8		
Total	12		

POC scheme for GDANCP and Department of Energy Development is to be prepared separately.

Terms of Reference for Government Civil Servants working on the SFM Project: See Annex 2

POC Work Planning, Monitoring, Evaluation and Reporting system

The POC Program Director will implement an effective monitoring and evaluation system to monitor the effectiveness of implementation and performance of the POC scheme. The M&E systems will have the following features:

- establishment of annual project unit work plans and a consolidated annual POC scheme work plan;
- quarterly monitoring of progress against project unit work plans, and annual evaluation of annual project unit work plans; and
- A consolidated annual POC scheme work plan evaluation report.

The annual POC scheme work plan evaluation report will be provided to the Chairman to the CAR and to the PAR TWG along with and annual financial expenditure report.

Establishment of Project Unit Work Plans

Each Project Manager and Head of relevant line department will develop an annual work plan based on their project expected results. The project work plan will be submitted to the POC Program Director for approval. Once approved by the Program Director, the individual project work plans will be consolidated into the CAR POC scheme work plan, which will be distributed to the Chairman to the CAR and the PAR Technical Working Group.

Work Plan Monitoring

Every quarter, project managers, deputy project managers and chief of unit will submit a quarterly progress report to the program director, and will meet with the POC Program Director to:

- § monitor progress against their annual work plans; and
- § Review work plan activities and expected results where necessary.

The quarterly progress report will be based upon review of activities conducted during the quarter and upon information gathered during periodic reviews with appointees.

Work Plan Evaluation

Annually at the end of each project work plan, the project manager and relevant head of line departments benefiting from the POC scheme will submit a project work plan evaluation to the program director, and will meet with the program director to:

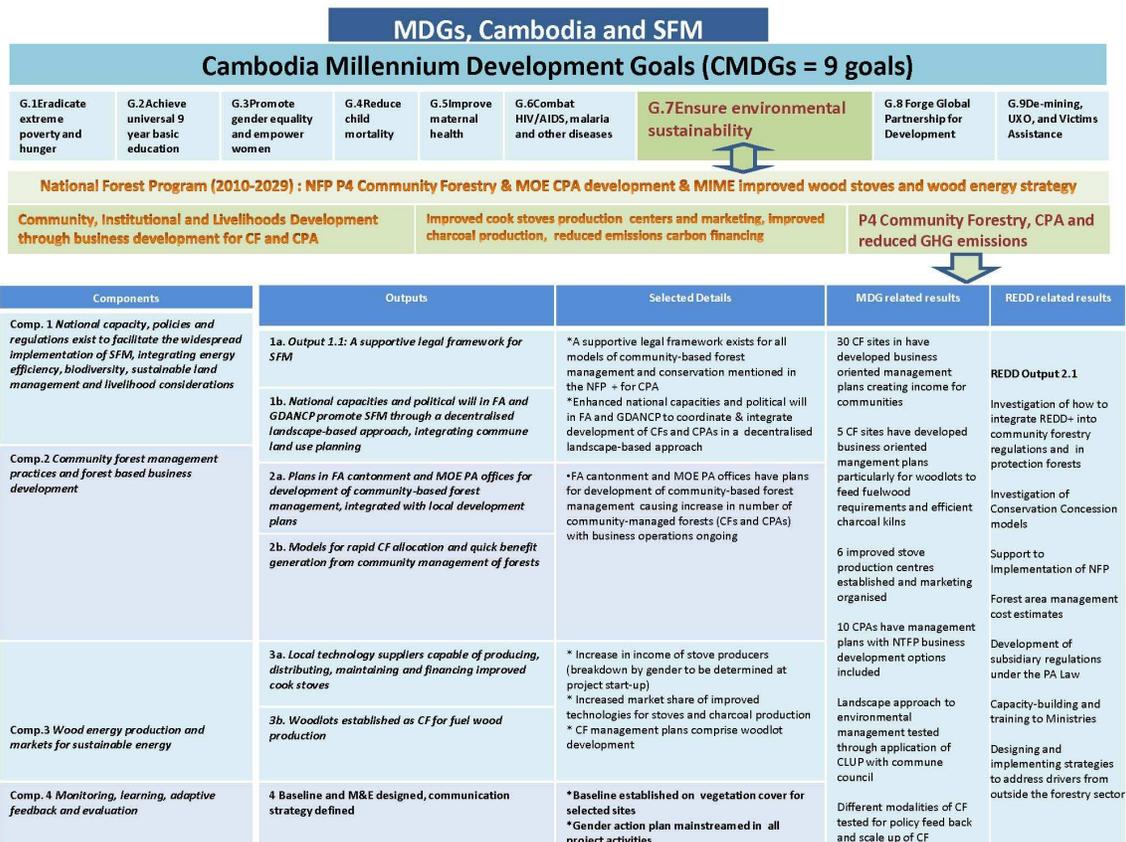
- evaluate achievement of project work plan expected results; and
- Discuss the development of a project work plan for the following 12 months.

The individual project work plan evaluations will be consolidated into a CAR POC scheme annual evaluation report, which will be signed by the POC Program Director and distributed to the chairman of the Council for Administrative Reform and the PAR Technical Working Group.

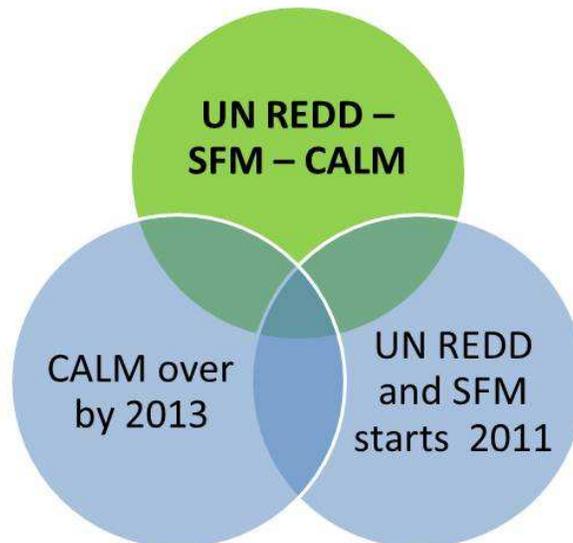
Attendance System

An attendance system will be used to verify attendance at work. The system requires staff to gain prior authorization for all planned leave and sign-off of any unplanned leave from their supervisor. At the end of the month, the staff member submits an attendance register to their supervisor for approval. Upon approval, all leave forms and attendance registers are submitted to the personnel section for checking and filing.

Annex 10 Synergies with other UNDP projects



Synergy of Forest/REDD and Biodiversity Portfolio



Synergy REDD and Biodiversity - 1

- **Theme: carbon stock monitoring**
- CALM: Carbon Stock Monitoring in Protected Area/Protection Forest where data from across the landscape are combined for each habitat type
- Feeds into UN REDD Outcome 2 providing example of “method and cost of stock monitoring”
- Feeds into **Potential** REDD initiatives for CPAs in SFM project

SFM links to biodiversity conservation

- SFM Project supports community management of forests, including biodiversity sites
- Link in working with CPAs in PA
- Links in working on NTFP management in good natural forest CFs
- Indirect protection of the Cardamoms by working in the provinces (buffer) surrounding the Cardamoms
- SFM testing the Community –based Conservation CF Forest modality in Protection forests

SFM – Biodiversity - REDD

- Policy intervention entry point
- Communication and awareness raising
- Capacity building
- Application tools
- Regional approach
- Legality of Community based- or Concession-based conservation models
- CPAs in Cardamoms in synergy with Trust Fund of CI and AFD + FFI
- Learning by doing
- Carbon Stock Assessment & Safeguards, CLUP
- Cardamoms

Annex 11 Minutes of INCEPTION WORKSHOP 3rd November 2011

Strengthening sustainable forest management and bio-energy markets to promote environmental sustainability and to reduce greenhouse gas emissions in Cambodia (SFM) Project

Sofitel Phnom Penh Phokeethra Hotel

3rd November 2011

Agenda

Time	Agenda items	Speaker
8:00- 8:30	Registration	
8:30- 9:00	Welcome remarks	Ms. Elena Tischenko , UNDP Country Director H.E. Chheng Kimsun , Delegate of the Royal Government, Chief of the Forestry Administration (FA)
9:00- 9:30	Opening remarks	H.E. Dr. Chan Sarun, Minister, Ministry of Agriculture Forestry and Fisheries (MAFF)
9:30- 9:45	Coffee Break	
9:45- 10:15	Overview on Sustainable Forest Management (SFM) Project	Mr. Khorn Saret, SFM Project Manager
10:15- 10:30	Community Protected Area Development in Cardamom areas: achievement, challenges, and future strategy	General Department of Administration for Nature Conservation and Protection (GDANCP), Ministry of Environment (MoE)
10:30- 10:45	Wood Energy Development Strategy achievement, challenges, and future strategy	General Department of Energy (GDE), Ministry of Industry Mine and Energy (MIME)

10:45- 11:00	Commune Land Use Planning (CLUP) Development : achievement, challenges, and future strategy	General Department of Land Management Urban Planning and Construction (GDLMUPC), Ministry of Land Management Urban Planning and Construction (MLMUPC)
11:00- 11:15	Community Forestry (CF) development: achievement, challenges, and future strategy	Mr. Long Ratanakoma, Deputy Director, Department of Forests and Community Forestry (DFC), FA
11:15 - 11:30	Experience of CF project implementation by RECOFTC	RECOFTC
11:30- 12:00	Q+A	
12:00- 1:30	Lunch Break	
1:30- 2:00	SFM results framework: target results and milestones	Project Advisor, SFM
2:00- 2:45	TORs for Request for Proposal and Gender Action Plan (GAP)	Ms Kirsten Ewers, Start Up Advisor Ms Pen Rany, UNDP
2:45- 3:30	Q+A	
3:30- 3:45	Coffee Break	
3:45- 4:15	Implementation Arrangements and inter-ministerial coordination	Mr. Khorn Saret, SFM Project Manager
4:15- 4:30	Q+A	
4:30- 5:00	Wrap up and closing remarks	H.E. Chea Sam Ang, SFM Project Director, Deputy General Director, FA

The target participants and their participation include:

- a. Secretariat of the Technical Working Group on Forestry and Environment (TWG-F&E)

- b. Development Partners: FAO, Danida
- c. Collaborating ministries, Government technical officers from line Ministries MIME, MLMUPC, GDANCP/MoE and sub-national department such as DoE, DIME, DLMUPC
- d. Relevant SFM Project staff
- e. Technical task forces members such as REDD technical task force
- f. Members of NGO networks on Community Forestry and Community Protected Areas
- g. Stakeholders who were consulted during the design of the SFM document.
- h. Three (3) provincial governors: Kampong Chhnang, Pursat, and Battambang.
- i. 5 FACs, 5 DoEs, 5 DIME, Selective Representative from communities.
- j. Relevant NGOs: RECOFTC, GERESS, Concern World Wide.

Summary

OPENING OF WORKSHOP

The Cambodian Forestry Administration (FA), Ministry of Agriculture, Forestry and Fisheries (MAFF) with support from the United Nations Development Programme UNDP) organized an Inception Workshop on **“Strengthening sustainable forest management and bio-energy markets to promote environmental sustainability and to reduce greenhouse gas emissions in Cambodia (SFM) Project”** on 03 November 2011, at the Sofitel Phnom Penh Phokeethra Hotel. More than 90 participants from line ministries, institutions and agencies; academia; private sectors; NGOs; embassies and other stakeholders attended this important workshop. The objective of the workshop was to inform and discuss with all stakeholders, in particular from provinces, the implementation and expected results of the SFM Project. The workshop: 1) informed line ministries, in particular the Technical Working Group on Forestry and Environment (TWG-F&E) on the programme implementation arrangement and possible project synergy, 2) reviewed the progress made during the inception phase, 3) discussed provision of technical assistance and the guidelines for Request for Proposal (RFP), the capacity development approach and national policy harmonization and 4) expected targets of the SFM in the first year, 2012 and onward.

Ms. Elena Tischenko, Country Director, UNDP Cambodia warmly welcomed participants and expressed condolences for the impact and loss of life due to flooding, which is the worst that has ever occurred in Cambodia in more than a decade. The flooding resulted in more than 247 people losing their lives, some of 30,000 families being pushed out of their homes, and about 405,000 hectares of rice fields being affected and 4,469 kilometers of rural roads damaged and destroyed. She emphasized that it was certainly one of salient impacts of climate change, which has been caused by global land use changes, as many have agreed. Ms. Tischenko further emphasized that the SFM project is one of the first projects that FA, MAFF

will be undertaking to promote sustainable forest development through involvement of local communities. By engaging local communities, she underlined that this project will not just contribute to protecting the precious forest resources but ensure the very means for livelihood of villagers also.

Ms. Tischenko stated that more than 80 percent of the Cambodian population lives in the countryside, among them there are rural Cambodians who are living near forest areas; on which they depend for day-to-day foods and sources of additional incomes. She continued that the forestlands serve as vital source of livelihoods for these communities. Studies have found that 30% to 40% of total incomes of rural people come from forestlands in the form of non-timber forest products (NTFP) such as honey, rattan, bamboo, resin, and mushroom, etc. They also depend on the forest for firewood and charcoal as source of energy to use in their families and to sell to traders and consumers. Nationwide, more than 80% of Cambodian households rely on firewood and charcoal for energy. Deforestation – through many forms – has substantially reduced the forest cover in Cambodia. According the statistics of the Forestry Administration, the forest cover presently stands at 59% compared to 73% in the 1960s.

With the importance of forest, Ms. Tischenko assured that SFM will assist key relevant institutions to collaborate for the future sustainable forest management with active community participations, with transparent and fair benefit sharing from forest management by encouraging Community Forestry (CF) and Community Protected Area (CPA) development. She, also, brought up the workshop's attention that the SFM project is targeted to reduce CO₂ emission from energy uses by improving cook stove and charcoal kilns. By all means, Ms. Tischenko hoped for development of synergies among related projects and for all development partners to integrate as much as possible in order to harmonize all funding sources and efforts for effective and efficient development.

H.E Chheng Kimsun, Government Delegate , Head of FA, emphasized the government's forest reforms from forest-based concessions to CF and CPA and further to REDD and carbon credit for the protection of forest carbon with community participation while conducting sustainable forest development. For the last 10 years FA/MAFF achievement includes ratification of forestry law, CF Sub-Decree (2003) and Guidelines (2006), National Forest Program (2010), and carbon credit REDD policy (Sar Chor Nar No. 699) for Oddar Meanchey.

H.E. Chheng Kimsun stated the SFM project will be an additional factor to speeding up achievement on CF development and registration. Up to date, there are 441 CF sites (about 400,000ha) recognized by FA/MAFF. The SFM component “cook stove and charcoal kiln improvement” would assist to reduce wood energy demand and establish sustainable woodlots as pilot sites for the country replication.

H.E. Chheng Kimsun underlined that the workshop is an important event for all stakeholders to discuss and prepare for the best work plans and strategies to achieve the SFM project target outcomes and outputs. He thanked for all support and efforts that had been committed by development partners, communities, Monks, and NGOs to sustainable forest management and development.

H.E. Dr. Chan Sarun, Minister of Ministry of Agriculture, Forestry and Fisheries, in his opening remarks, warmly welcomed the national and international participants and

development partners. He expressed his appreciation to UNDP, GEF, and all other development partners such as Danida, JICA, EU that have supported sustainable forest management. He elaborated that the SFM project is one of the initiatives to start up the NFP implementation focusing on capacity development and CF and CPA development for rural livelihoods improvement. The NFP indicates that forestland allocation for CF aims for 2 million hectares of CF sites by 2029.

H.E. Dr. Chan Sarun further underlined that CO₂ reduction from deforestation and degradation and from energy uses is one of the government policies to reach the CMDG 7 maintaining forest cover up to 60% by 2015. In this regard, H.E. Dr. Chan Sarun requested the participants, especially provincial authorities of the SFM targeted areas, Kampong Speu, Kg. Chhnang, Pursat, and Battambang, to take into consideration 10 recommendations. The recommendations pertain to reversing deforestation, forestland encroachment, and illegal logging, while at the same time enlarging areas of forest plantation and forest covers by introducing agro-forestry and rubber plantation. He also requested that official submission of CF sites should be sped up and closely collaborated with MAFF. He ended his opening speech by requesting all key line ministries of the SFM project including Ministry of Environment, Ministry of Industry, Mines and Energy, and Ministry of Land Management, Urban Planning and Construction to openly and actively commit efforts to collaborate with FA/MAFF for the best achievement of the SFM targeted results.

SUSTAINABLE FOREST MANAGEMENT (SFM) AND RELEVANT PROJECT PRESENTATION

Mr. Khorn Saret, SFM Project Manager and Deputy Director of the Department of Forests and Community Forestry, FA: **“The Sustainable Forest Management”**

Mr. Khorn Saret presented the SFM objectives, which is to contribute to sustainable forest management to achieve the CMDG 7 and Cambodian National Strategic Development Plan (NSDP) maintaining forest cover of 60% by 2015. He presented the SFM budget amount, four targeted provinces, and the project components. : Mr. Saret presented the coordination and project management structure among key line ministries that is composed of FA/MAFF, MoE, MIME, and MLMUPC, and the sub-national line agencies and authorities of the target provinces. Each ministry will be responsible for technical assistance to CF, CPA, improved cook stove, and Commune Land Use Planning (CLUP) registration and development respectively. UNDP will play an important role for the project; that is the assurance partner and donor.

He went further to show the SFM target outcomes and the coordination between two Service Providers responsible for component 2 and component 3 as well as component 1 that seek to build capacity of line ministries in CF and CPA registration, and business plan development and implementation. In addition, he underlined that the two Service Providers should coordinate to establish at least five (5) wood lots for sustainable fuel wood supply. The Service Provider that will be responsible for component 3, moreover, has to establish 6 market centers for improved cook stove piloting and awareness raising of reduce CO₂ emission. Mr. Saret emphasized that funds will be transferred from UNDP to FA/MAFF, then to Service Providers. All financial transaction, moreover, has to be by bank.

Mr. Kim Sarin, General Department of Administration for Nature Conservation and Protection (GDANCP), MoE: **“The Process of Development of Community Protected Areas”**

Mr. Sarin updated that number of CPA registered was 98 sites for the whole country and 20 CPAs (14,738ha) for Phnom Aural and 15 CPAs (9271ha) for Phnom Samkos Wildlife Sanctuaries. The number of CPAs has increased from 3 sites in 1999 to 98 sites in August 2010. Communities living near and within the CPAs obtain tremendous benefits such as non-timber forest products, wild meat, and additional income generation. Since the CPAs established the communities have improved their livelihoods due to the forest products have been getting more available such as resin, rattan, and honey. In many cases, CPAs have attracted eco-tourists that help create additional incomes to villagers. However, some unavoidable challenges have happened which pertain to coordination among stakeholders and capacity development.

He emphasized that almost all CPA sites have no management plans that makes it difficult to ensure sustainable development. Moreover, he stated that the lack of CPA strategic management and development such as CPA Sub-Decree/Prakas and Guidelines make it difficult for coordination among stakeholders that have been collaborating in their efforts within the CPAs. Another issue of CPA registration is that how the CPA is registered? NGO supports of different localities undertake different modalities of CPA.

Lastly, Mr. Sarin recommended that the faster of SFM implementation on the ground could be the better for CPA management and subsequently livelihoods of the local communities would be improved. He mentioned that the SFM formulation since 2009 and has yet implemented on the ground by now. In response to Mr. Kim Sarin's recommendation, Mr. Chhum Sovanny – Programme Analyst, UNDP explained the reasons that led to the delay, due to the fact that the SFM project is a coordination project implementation of four ministries: FA/MAFF, MoE, MIME, and MLMUPC. The SFM team, with UNDP kind assistance, had worked tirelessly to get the SFM project under control and to get the Inception Workshop conducted.

Mr. Prak Angkeara, General Department, MLMUPC: “Commune Land Use Planning (CLUP)”

His presentation began from CLUP background, achievement and challenges. CLUP is a process of multi-institutional efforts and coordination at vertical and horizontal levels. From the MAFF, there are three main departments, FA, Fisheries Administration (FiA) and Agriculture has played important roles in CLUP coordination from the grassroots to national levels. Proper CLUP registration will help decentralization in natural resource management and potential conflicts can be avoided. There are 11 steps of CLUP process, which is time consuming for any CLUP development. CLUP development process is supported by government Sub-Decree (2009) and joint ministerial Prakas. For the SFM target area, two CLUPs have been developed in Pursat province. And among the four target provinces of the SFM project, two provinces have CLUP process under taken. The other two provinces, Kg. Chhnang and Battambang have not yet initiated the CLUP activity. Up to 2010, there are 11 provinces have under taken CLUP activities that were financially supported by Danida/Dfid/NZaid during 2007 - 2010.

Up to date there are 120 CLUPs registered countrywide. Lessons learned from the past CLUP development activities, Mr. Angkeara is confident that further CLUP development and registration within the SFM target project could be done with the key relevant ministries and line departments, and with the project Service Providers.

Participant Discussion and Comments:

Deputy Governor of Pursat province: The problems for the forests and land uses of Pursat province are caused also by unclear mandates of the two ministries: MAFF and MoE. There has been blaming of each other among the ground staff of the two ministries regarding responsible duties on the ground when illegal activities occurred. CLUP could be important means to clarify each ministry's mandates and coordination. The Deputy Governor believed that if the mandates can be clarified, illegal activities can come down and natural resources management could be improved.

There was a request from one of the participants to clarify on map the number of CLUP sites that covering 120 communes of the implemented 11 provinces. Mr. Angkeara showed the presentation map again and elaborated more of the CLUP locations.

Mr. Clive Hughes, Advisor, General Department of Energy, MIME: “**Sustainable strategic energy**”

Mr. Clive stated that GDE, MIME is ready for coordination for the SFM project, especially on the component of sustainable energy development, cook stove and charcoal kiln improvement. The GDE, MIME will synergize all existing improved energy development projects to the SFM project implementation. The current existing energy projects include the sustainable strategic energy development that is supported by the World Bank and ADB.

Mr. Long Ratanakoma, Deputy Director, Department of Forests and Community Forestry, FA: “**Community Forestry Development**”

Managing natural forests through Community Forestry should be considered as the decentralized forest management through community empowerment. Mr. Ratanakoma showed that at present there are four (4) types of CF: Community Forestry, Production-based Community Forestry, Protected-based Community Forestry, and Partnership Community Forestry. Decentralized forest management is the core of all four types of CFs. The SFM project should be the first project to replicate Partnership Community Forestry that has been tested in Kratie province. He further presented the benefits generated from CF development. The SFM project should test the proposed modalities of CF in the target areas. At the present time there are 441 CF sites potentially indentified: 270 CF sites of those CF sites are approved by MAFF and other are under the process of formulation and registration.

Mr. Edwin Payuan, RECOFTC Cambodia Country Program Coordinator: “**Experiences in Community Forestry Development in Cambodia**”

Mr. Edwin started from indentifying different types of Community-based natural resource management including CF, CPA, and Community Fisheries (CFi). RECOFTC has been working on CF development within 11 provinces, within the SFM project coverage areas, Pursat province is one of those. Nonetheless, Battambang, Kg. Speu and Kg. Chhnang provinces are not yet covered by the existing RECOFTC support. Mr. Edwin provided general observation of RECOFTC experiences for more than ten years of experiences in CF development in Cambodia. The existing CF sites cover from one village to several communes and forest areas are also varied. Not only forest areas are varied but forest types even more varied from one to other places. Some of CF sites are very close to villages (less than 1km from villages) and others are located as far as 5km from villages, while the average CF area is 882ha.

He underlined that number of CF sites are under the development of CF Management Plans but none of the CF sites have collaborated with private sector. It is recognized that some CF sites have been developed with the supports from PIF/CIF (Provincial Investment Fund/Commune Investment Fund). Mr. Edwin further presented RECOFTC achievement in

providing CF capacity training including CF management plan development, negotiation and business development, especially to bring the community “voice” to be heard among policy makers. He stated that FA Cantonment, provincial line ministries and local authorities are crucially important partner departments to achieve CF development objectives.

Participant Discussion and Comments:

Mr. Ly Chou Bieng, FA Cantonment Head of Pursat: land tenure and land registration should be the first to be done for CF to success.

Mr. Chay Chetha, Deputy Head of Forestry Research Institute, FA suggested that Agro-forestry should be applied within the CF sites in order to improve both forest regeneration and community livelihood improvement.

H.E. Chea Sam Ang, Deputy General, FA encouraged all CF sites to apply for MAFF approval as soon as possible in order to secure CF site legalization. He encouraged provincial governors to fully facilitate the CF formulation process whenever requested.

Mr. Chhum Sovanny, Programme Analyst, UNDP: “SFM Result Framework: Targets, deliveries and key milestones Session”

On behalf of the SFM team, Mr. Sovanny presented the three outcomes of the SFM project. The outcome 1 is about capacity building, the outcome 2 is about CF and CPA development, and the outcome 3 is about improved cook stove and sustainable wood fuel development. Of each outcome, he showed project Indicators, Baselines and Targets. Although most of Baselines can be provided before the actual ground works, some of the Baselines, e.g. number of CLUP and locality of CF/CPA sites, will need to be developed by the contracted Service Providers while identification of actual sites of CLUP and new CF modalities will have to be identified during the actual project implementation for the next 3 to 4 years.

He further presented the achievement made by the SFM team during the Inception Phase such as teamed up the SFM technical members, office, and coordination matters among key ministries. He then showed progress made and remaining tasks to be immediately done before the end of the year. Finally, Mr. Sovanny urged participants, especially capable bidders to submit their proposals by 29 November 2011 in order to kick off the SFM project at the early following year, 2012. He also informed the workshop of suggested roadmap of speeding up the SFM project activities such as establishment of Committee for Contract, Assets, and Acquisition (CCAA) before the end of November 2011.

Ms. Kirsten E. Andersen, International Start Up Advisor, UNDP: “The TORs for RFP”

She started her presentation by mentioning that the SFM project is ‘national implementation’ meaning that FA will be an Implementing Partner of UNDP. Alignment with the financial regulations and rules of UNDP, FA will be responsible for UNDP and GEF funds to implement the SFM project. While improving sustainable forest management and development, the SFM project will synergize and integrate with other existing forestry project such as UN REDD. The SFM project implementation will have to align with the country regulations, policies and laws such as CF Sub-Decree, CLUP Sub-Decree, forestry law, National Forest Program (NFP), and to fulfill the country Millennium Development Goal (e.g. CMDG 7).

She went on to show roles of UNDP in the SFM project implementation, monitoring and evaluation making sure that all financial and technical reports will be one time. UNDP will ensure that emerging matter should be resolved properly for the best SFM project implementation. Ms. Kirsten reiterated that the SFM project implementation will be tendered

among Service Providers through public bidding process under the management of the SFM Implementing Partner (FA) and two service providers would be selected. FA will sign contracts with service providers for the implementation. Lastly, she showed progress made during the Inception phase, e.g. the SFM project Director and Manger are nominated (H.E. Chea Sam Ang and Mr. Khorn Saret), SFM project Advisor and Assistant are deployed by UNDP, and the service providers are going to be selected soon through public bidding process.

Participant Discussion and Comments:

One of the participants asked if there any template for the proposal? The answer was “it is free proposal for the two RFPs”.

How to identify the target area of the SFM project? What would be the specific village/commune? In response to this question, the participants were informed that the target and specific commune will be identified during the implementation on the ground. The decisions will be made by sectoral ministries: FA/MAFF, MoE, MIME, and MLMUPC.

Ms. Pen Rany, Gender Unit, UNDP: “Opportunities for Gender Mainstreaming in SFM Project”

Ms. Rany presented the roles of gender in SFM project implementation and the way the issues will crucially play in forest management policy decisions. Having seen important roles of women in forest product gathering such as firewood and mushroom collections, the SFM project will not allow any body, especially woman, to be left out of the forestry policy decision. She demonstrated that women gained more than half of incomes generated from forest production to rural families. More importantly, one fourth of Cambodian households are headed by women, which clearly showed that women must play vital role in forestry policy making such as CF/CPA development.

The SFM project, however, has to develop women capacity in forest management and business plans development for sustainable timber and non-timber forest products, and the improvement of energy uses. Increased use of improved cook stoves is expected to **improve women’s physical wellbeing** by reducing their exposure to smoke and the amount of time that they need to spend collecting firewood, or the impact on family budgets of purchasing fuel wood.

Participant Discussion and Comments:

There was a concern that if gender equity is claimed how the women’s workloads can be avoided? In order to avoid the issues, government policies such as gender mainstreaming action plans should be used. Also, synergy building on gender mainstreaming with other projects like HARVEST, funded by USAID, should be implemented.

CLOSING REMARKS:

Before the end of the session, the chairman of the SFM workshop requested all provincial governors of Kampong Chhnang, Pursat, and Battambang to provide their views on the SFM project and make recommendation. All governor representatives welcomed and congratulated the SFM project implementation to their administrative provinces and emphasized that the governors will fully collaborate the project implementation. With specific localities, each provincial governor representatives provided very specific recommendations as followings:

Deputy Governor of Kampong Chhnang province:

From the workshop he is aware more detail about the SFM project,

Encourage the Service Provider to involve more provincial women in the SFM implementation, especially those women that depend on income generation from pottery and cook stove productions.

Deputy Governor of Pursat province:

“Best value for money” should be applied anywhere and time while implementing the SFM project,

First priority for him is that “boundary” of CF and CPA should be given as high priority for SFM project,

Coordination among stakeholders should be openly committed from national to provincial levels,

Service Providers should closely collaborate with local authorities for the SFM project implementation,

The SFM progress reports should be sent to relevant committees such as Council of Provincial Development of the province for close collaboration,

Lastly, coordination with line ministries, especially MoE should be strengthened. In this connection, he respectfully requested Excellency National Project Director to try all the best to coordinate with relevant ministry in the project. Without participation from other ministries, it doubts that the SFM project target outcomes would be reached.

Deputy Governor of Battambang province:

He strongly requested that synergy the SFM project with others should be the first priority for efficient and effective use of the project funds,

Coordination and collaboration among as many as possible partners should be given the highest priority,

Ground checking and learning by doing approaches should be applied if the project wanted to succeed on the ground levels. Experiences from the past showed that ground checking and learning by doing are the most important for communities.

Encourage community and backup them in CF and CPA development should be strictly committed. He worried that the inter-ministerial coordination would be faced at least for the beginning of the project start.

Closing remark by H.E Chea Sam Ang, Deputy General Director, the SFM National Project Director: He first thanked for the all remarks from H.E deputy governors from the three provinces. From the presentation today clearly on the indicators and target setting for the project outcomes and outputs: (1) wood demand which really is used widely of the Cambodia people, (2) efficient cook stove will reduce the wood demand, reduce CO₂ emission, improve health care for women and children that could be affected by smoke, reduce time spent to collect fuel wood as well as saving the money. One important thing is that not because of project is intended to sell more cook stove, but it is a way of how communities can produce more stoves by themselves.

The project will promote the participation of women (gender mainstreaming action plan), capacity and capability as well as opportunity to take part and benefit from the project. Women play main roles in taking care on the health for their husband and children. Ownership is fundamental in the project implementation. Unlike the past that donors took the lead in the project implementation, the current SFM project, particularly UNDP, will be led by FA. So far, FA has tried its best to coordinate with line ministries to participate in the SFM project. Target provinces will be supporting the FA, DoE, DEME, DLMUPC and NGOs for the implementation of the project on the ground. The next step is bidding process (RFP 1&2) to be completed by the end of this year. Thank for the organizing workshop and UNDP team.

