

Forest Investment Program (FIP), Kingdom of Cambodia
Terms of Reference – Joint Mission
October 03-07, 2016

A. Background

1. The Climate Investment Funds (CIF) is a financing mechanism designed to initiate transformational change towards low-carbon and climate-resilient development through scaled-up financing. Under CIF, the Forest Investment Program (FIP) is designed to support developing countries' efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks (REDD+). The FIP also contributes to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements.

2. The FIP has been designed to achieve four specific objectives: (a) to initiate and facilitate steps towards transformational change in developing countries forest related policies and practices; (b) to pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries; (c) to facilitate the leveraging of additional financial resources for REDD, including through a possible United Nations Framework Convention on Climate Change (UNFCCC) forest mechanism, leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests; and (d) to provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD. The guidance for preparing the country-level investment plan and the template for summary of investment plan have been attached in Annex-1 and Annex-2 respectively for reference.

3. Cambodia submitted an Expression of Interest (EOI) to be selected as a pilot country for the FIP. In May, 2015 the FIP Sub-committee selected fifteen countries for a second round of financing. Six¹ countries are expected to receive investment support of US\$24 million (each) and nine² countries received US\$250,000 each to prepare investment plans. Cambodia is one of the nine countries selected to prepare an investment plan. While at this time no investment financing is available under the FIP for the implementation of these investment plans, efforts are on to mobilize resources. In addition, each country can also access resources from other internal and external climate finance mechanisms using the investment plan.

4. The Royal Government of Cambodia (RGC) confirmed that the Asian Development Bank (ADB) would take on the role of the lead Multilateral Development Banks (MDB) and would coordinate the technical, financial and operational responsibilities for developing the FIP Investment Plan (IP). In order to reduce transaction costs and expedite the delivery of IP, the Government has also requested the US\$250,000 preparation grant to be executed by ADB on Government's behalf. The letter from the Honorable Minister of Ministry of Economy and Finance is attached along with Preparation Grant Request for Investment Plan in Annex-3. Since July 2016, the World Bank and ADB have agreed to work

¹ Congo Republic, Cote d'Ivoire, Ecuador, Guatemala, Mozambique and Nepal.

² Bangladesh, Cambodia, Cameroon Guyana, Honduras, Rwanda, Tunisia, Uganda and Zambia.

together for the preparation of the FIP IP for Cambodia. The International Finance Corporation (IFC) has not yet decided to join the preparation process of the IP for Cambodia and may contribute later on to the process as and when viable opportunities for engaging with the private sector are identified.

5. ADB has carried out a FIP scoping mission during December 17-18, 2015. The purpose of the mission was to initiate a dialogue with the relevant Government agencies and other key stakeholders to identify and plan the activities that would lead to the sound preparation of the IP. The mission had discussion with the Government Representatives, Civil Society Organizations, Private Sector and Development Partners. The Annex-4 provides the mission Aide Memoire.

6. In follow-up of the scoping mission, ADB has finalized the Terms of Reference (ToR) for the Consultants with inputs from the Government and the World Bank. The consultant team will include the following 6 positions: (i) International REDD+ Specialist (Study Team Leader); (ii) International Forest Economist / Climate Finance Specialist; (iii) National Forest Expert (Policy and Institutions); (iv) National Community Development and Livelihood Expert; (v) National Stakeholder Participation Expert; and (vi) National Administration and Coordination Assistant. The terms of reference (ToR) of the consultant team is provided in Annex-5. ADB's Environment and Safeguards Division (SDES) within the Sustainable Development and Climate Change Department (SDCC) is now administrating the procurement of consulting services and associated activities with support of the ADB Resident Mission in Cambodia.

7. The updated timeframes (milestones) for FIP Investment Plan preparation are: (i) First Joint Mission – October 3-7, 2016; (ii) First draft of IP and Technical Mission (if necessary)- November, 2016; (iii) Second Joint Mission – December, 2016; (iv) Pre-final draft IP- January, 2017; (v) Independent technical review the IP and incorporation of comments – February, 2017; and (vi) Submission of IP to CIF Administrative Unit – March, 2017.

8. A first joint scoping mission of the Multilateral Development Banks (MDBs) comprising ADB and the World Bank will take place in Cambodia from October 03 to 07, 2016. The mission will be led jointly by the RGC and ADB as the lead-MDB.

B. Cambodia Forest Sector Context and Challenges

9. Cambodia has one of the highest levels of forest cover in Southeast Asia. The Country's forest cover has undergone significant changes over the past decades. Between 1964 and 2014, Cambodia lost one fifth of its forest cover mainly as a result of the evolving role of forest resources in national development priorities. The RGC conducts national forest covers assessment by include rubber and palm oil planation as forest. Cambodia historical forest cover assessment in 1965 was 73.05% compared to total country land area and in 2014 the forest cover decrease to 49.48%.³

10. Traditionally, the rich forest resources of Cambodia play critical roles in rural livelihoods as well as providing valuable ecological and economic resources for the country's economic development. Managing forests sustainably and equitably is essential for maintaining the ecological integrity of the country, maintaining freshwater supplies and protecting biodiversity. It is through forest management that much of the potential new climate change finance could be realized in Cambodia, with significant potential benefits for human development in the country.

³ Cambodia National REDD+ Strategy (dated August 01, 2016)

11. More than 30 percent of the population lives within 5 km of a forest, with forest resources accounting for an average of 10 to 20 percent of household consumption. The vast majority of rural households –about 84 percent –rely on fuel wood and charcoal. Traditionally, forest resources –in particular, non-timber forest products (NTFP) –have provided important safety nets for rural people in times of crisis. For rural people, access to forest resources, and land, is thus critical for human development.

12. At the same time, forest resources are under pressure both for logging and for land conversion. Both logging and land conversion have become highly contentious, particularly with regard to the granting of Economic Land Concessions (ELCs). In May 2012, following a comprehensive review, the Kingdom of Cambodia placed a moratorium on granting of new ELCs. The ELCs that had not met the required criteria as per regulations have been cancelled.

13. The RGC has identified the sustainable management of natural resources as a major policy priority. The National Strategic Development Plan (2014-2018) has reinforced and broadened the management of natural resources to achieve a “balance between development and conservation”. The objective is to increase the contribution of natural resources to the development of the agriculture sector by ensuring, among other things, green cover, forest and wildlife conservation.

14. To achieve this objective, the RGC plans to implement a comprehensive and cross cutting approach, aimed at improving effectiveness and equity in the management of natural resources, by (i) clearly determining the ownership of natural resources; (ii) developing an appropriate incentive scheme for the conservation of natural resources and empowering the sub-national Governments, communities and individuals to participate in their conservation by focusing on training, information sharing as well as strengthening social capital, and institutional accountability and transparency; and (iii) stepping up cooperation with concerned stakeholders under the framework of green growth and climate change.

15. The commitment of the RGC for protection, conservation and sustainable use of its biological, natural and cultural resources and other ecosystem services, enhancement of people’s livelihood and the securing nation’s prosperity reflected in several national strategies and plans, namely the National Forestry Program (2009-2029), the National Protected Areas Strategic Management Plan (2016-2030), and the Strategic Planning Framework for Fisheries (2010-2019). Further to that, the strategic objectives 3 and 4 of the Cambodia Climate Change Strategic Plan 2014-2023, and the National Policy on Green Growth and National Strategic Plan for Green Growth (2013-2030) also recognize the importance of REDD+ and sustainable forest management.

16. The RGC has made a commitment to reduce emissions from deforestation and forest degradation and enhance carbon stocks (REDD+). It prepared a National REDD+ Roadmap in 2010 and initiated the REDD+ Strategy Preparation process in 2012 with support from the UN-REDD Program and the World Bank’s Forest Carbon Partnership Facility. The sixth and final draft of the National REDD+ Strategy⁴ has been circulated recently for comments and review. A national workshop on the draft was also held on August 30, 2016.

⁴ The document is available on <http://www.cambodia-redd.org/wp-content/uploads/2016/07/10-Final-Draft-NRS-16-Aug-2016-Eng.pdf>.

C. First Joint Mission Objectives

17. The objective of the mission is to assist the RGC through broad-based consultations and dialogue with key stakeholders and analysis of key development plans, policies, and strategies for identifying the areas to be covered under the Investment Plan. The mission will help to understand the expectations from the various stakeholders in the context of the FIP's objectives and priorities. The mission will introduce the consultant team with the relevant stakeholders. Discussions will be held with development partners active in the climate change resilience and forest management agenda including Norway Embassy, DFID, CIDA, JICA, UNDP, FAO and other interested stakeholders involving national and international NGOs, CSOs and academia to solicit their input into the Investment Plan preparation process. During the Joint Mission, the following planned activities will be led by ADB and the World Bank:

- (i) stock-taking of relevant information on forestry, natural resources management, rural development and climate change will be assembled and reviewed;
- (ii) discussion on priorities within the National REDD+ Strategy
- (iii) discussion on the institutional coordination of FIP IP taking into consideration REDD+ related collaboration with other development partners;
- (iv) discussion on possible use of PROFOR's diagnostic tool for forest governance assessment and monitoring;
- (v) consultations with stakeholder groups to seek suggestions and feedback on the process and potential priorities of the investment plan; and
- (vi) agree on the investment plan preparation priorities and timelines

D. First Joint Mission Expected Outputs

18. The Joint Mission is expected to result in four deliverables: a) an Aide Memoire outlining the issues, process, key findings and recommendations of the mission; b) a draft outline of Cambodia's FIP Investment Plan; and c) detailed schedule and timeline for finalization of FIP Investment Plan by the submission deadline.

E. First Joint Mission Members

19. The Joint mission members will include representatives from the relevant agencies and ministries from the Kingdom of the Cambodia, ADB and the World Bank. The mission members are listed below:

<i>Institution</i>	<i>Name</i>	<i>Designation/Expertise</i>
Kingdom of Cambodia*		
Ministry of Agriculture, Forestry and Fisheries (MAFF)	Dr. Khorn Saret	Head, Cambodia REDD+ Taskforce Secretariat, Forestry Administration, MAFF and Overall Mission Lead
Ministry of Environment	To be nominated	
Ministry of Rural Development	To be nominated	
Multilateral Development Banks		
ADB	Bruce K. Dunn	Principal Environmental Specialist and MDB Mission Lead
	Ancha Srinivasan	Principal Climate Change Specialist
	Shakil Ahmed Ferdausi	Environment Specialist
	Dang Thuy Trang	Environment Specialist
	Mia Hyun	Social Development Specialist
	Mao Ouk	Associate Operations Coordinator
World Bank	Robert R. Davis	Senior Forestry Specialist
	Meerim Shakirova	Operations Analyst

**Other government mission members including participants from the Ministry of Environment, Ministry of Rural Development and REDD+ Secretariat will be added after final confirmation from the Government.*

20. In addition to the above members, the mission will be joined by the consultant team (under recruitment process).

F. Draft Joint Mission Agenda

21. The joint mission will take place from October 03 to 07, 2016 in Phnom Penh, Cambodia. The tentative agenda of the mission is as follows:

<i>Time</i>	<i>Activity Description</i>	<i>Participants</i>	<i>Venue</i>	<i>Brief Description</i>
Monday, October 03, 2016				
09:00 am – 12:00 pm	MDB Team Meeting	ADB and WB, with consultants	ADB Resident Mission (Conference Room)	<ul style="list-style-type: none"> Mission agenda and outputs IP preparation
Tuesday, October 04, 2016				
8:30 – 9:30 am	Mission Team Meeting	MAFF, MOE, ADB, WB	MAFF Conference Room	<ul style="list-style-type: none"> Mission agenda and outputs
9:30 am – 12:00pm	Kick-off Meeting with all Government Stakeholders	REDD+ Taskforce and Secretariat Mission Team	MAFF Conference Room	<ul style="list-style-type: none"> Brief introduction to CIF and FIP Mission objectives and expected

Time	Activity Description	Participants	Venue	Brief Description
				outputs, <ul style="list-style-type: none"> • Update on National REDD+ Strategy, • Priorities for FIP, • Information / study needs, and guidance for consultants.
13:30 – 15:30 pm	Civil society organizations	NGO Forum, OXFAM, Asia Foundation, Plan International, Conservation International, Wildlife Conservation Society, IUCN, Mission Team	MAFF	<ul style="list-style-type: none"> • Brief introduction to CIF and FIP • Mission objectives and expected outputs, • Update on National REDD+ Strategy, • Mapping of relevant CSO activities • Priorities for FIP, • Information / study needs, and guidance for consultants.
15:30 – 17:30 pm	Private sector	Cambodia Chamber of Commerce and Industry, IFC, Grandis Timber, Bambusa Global Ventures, Oji, Think Biotech, etc. Mission Team	MAFF	<ul style="list-style-type: none"> • Brief introduction to CIF and FIP • Mission objectives and expected outputs, • Update on National REDD+ Strategy, • Mapping of relevant private sector activities and interests • Priorities for FIP, • Information / study needs, and guidance for consultants.
Wednesday, October 05, 2016				
9:00 am – 11:00 pm	Development partners	UN-REDD, FCPF, UNDP, JICA, GIZ, EU, AFD, GGGI, USAID, AUSAID, KOICA, Mission	MAFF	<ul style="list-style-type: none"> • Brief introduction to CIF and FIP • Mission objectives and expected outputs,

<i>Time</i>	<i>Activity Description</i>	<i>Participants</i>	<i>Venue</i>	<i>Brief Description</i>
		Team		<ul style="list-style-type: none"> • Update on National REDD+ Strategy, • Mapping of relevant development partner activities and interests • Priorities for FIP, • Information / study needs, and guidance for consultants.
1:30 pm – 3:00 pm	Academia and researchers	Royal University of Phnom Penh. Others TBC	MAFF	<ul style="list-style-type: none"> • Brief introduction to CIF and FIP • Mission objectives and expected outputs, • Update on National REDD+ Strategy, • Priorities for FIP, • Information / study needs, and guidance for consultants.
Thursday, October 06, 2016				
9:00-10:30	Meeting with Indigenous Peoples Representatives	Mission team	MAF	<ul style="list-style-type: none"> • Brief introduction to CIF and FIP • Mission objectives and expected outputs, • Safeguards and Community Engagement • Priorities and concerns for Investment Plan Preparation
TBC	Courtesy meeting – H.E. Veng Sakhon, Ministry of Agriculture, Forestry and Fisheries*	Mission Team	MAFF	<ul style="list-style-type: none"> • Brief Minister (or representative) on FIP investment plan preparation process and objectives of Joint Mission.
TBC	Courtesy meeting – H.E. Say Samal, Minister of	Mission Team	MOE	<ul style="list-style-type: none"> • Brief Minister (or representative) on

Time	Activity Description	Participants	Venue	Brief Description
	Environment*			FIP investment plan preparation process and objectives of Joint Mission.
TBC	Courtesy meeting – H.E. Aun Porn Moniroth, Ministry of Economy and Finance*	Mission Team	MOEF	<ul style="list-style-type: none"> Brief Minister (or representative) on FIP investment plan preparation process and objectives of Joint Mission.
13:30 – 15:30	Action Planning and preparation for Wrap-up meeting	Mission Team	MAFF	<p>Discussion on:</p> <p>(1) timetable, (2) institutional arrangements, (3) consultant TORs and studies (4) stakeholder engagement strategy (5) Forest governance assessment and monitoring</p> <p>Drafting Aide Memoire</p>
Friday, October 07, 2016				
9:00 am – 11:00 pm	Wrap-up meeting	MAFF, MOE, REDD+ Task force and Secretariat; Mission Team	MAFF	Discussion of mission findings and next steps
1:30 pm - 4:30 pm	Follow-up meeting (as necessary)	Mission team	TBC	Additional bilateral meetings as required.

**Courtesy meetings to be scheduled at suitable time during the mission subject to confirmation of availability.*

Guidance for Preparing the Country-Level Investment Plan

Principles, Objectives and Outcomes

Principles. The Investment Plan should be country-led and country-driven, and should be designed to “support developing countries’ REDD-efforts, by providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness plan building efforts, while taking into account opportunities to help them adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements”¹.

FIP funding should be additional to current ODA and should allow for blending grant and highly concessional finance with domestic and international public and private financing. This financing will be made available through the MDBs. The processing of FIP financed projects and programs will follow the MDBs’ established policies and procedures and comply with the FIP investment criteria.

The Investment Plan should adopt a programmatic approach, building on and avoiding duplication of existing work and development strategies, including REDD readiness programs and strategies, and should clearly demonstrate the initiation of transformational change in forest-relevant sectors and monitorable contributions to emissions reductions. Specific investment criteria are spelled out in the [FIP Investment Criteria and Financing Modalities](#).

Objectives. Country-level Investment Plans will support the objectives of the FIP² which are to:

- (a) initiate and facilitate steps towards transformational change in developing countries’ forest-related policies and practices;
- (b) pilot replicable models to generate understanding and learning about the links between forest-related investments, policies and measures and long-term emission reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries;
- (c) facilitate the leveraging of additional financing resources for REDD+, leading to an effective and sustained reduction in deforestation and forest degradation, thereby enhancing the sustainable management of forests; and
- (d) provide valuable experience and feedback in the context of UNFCCC deliberations on REDD+.

Immediate Outcomes of the Implementation of an Investment Plan. The immediate outcomes of the implementation of a country-level Investment Plan are:

- (a) strengthened institutional capacity, improved forest governance and availability of information;
- (b) integration of climate mitigation measures and other forest ecosystem service considerations in the forest sector; and
- (c) reduction of pressure on forests, including from other land use sectors.

¹ Paragraph 10, *FIP Design Document*

² Paragraph 11, *FIP Design document*

Annotated Outline for Investment Plan

The following general structure for the Investment Plan is suggested, recognizing that country or regional circumstances may differ. The Investment Plan would likely cover the information requested under the consolidated investment criteria for programming priorities in a FIP pilot (see *Investment Criteria and Financing Modalities*). More detailed suggestions for structuring the document are provided below.

Section 1 Description of the country and sector context (3 pages)

The Investment Plan will be developed through a transparent participatory stakeholder process on a country-specific basis to achieve nationally-defined REDD+ objectives. Therefore, a brief summary of the RGC's existing forest-relevant development plans or programs that include low carbon objectives related to forests should be prepared, including specific forest or other relevant sectors and climate change strategies. The following sector-specific background information should be provided:

- (a) description of the major national forest- or forest landscape-based sources of GHG emissions and projected trends
- (b) status and trends concerning forest and woodland resources
- (c) economic importance of forestry sector and those sectors affecting forests (local livelihoods, contribution to GDP, poverty linkages)
- (d) explanation of the key drivers of deforestation and degradation
- (e) summary of national REDD+ program/plan or equivalent
- (f) summary of other ongoing REDD+ programs (e.g. FCPF or UN-REDD) for forest, woodland and wider forest landscape management, including funding sources
- (g) description of forest governance arrangements (legislation, regulations, land rights and tenure systems, institutions and their capacities, participation of key stakeholders including indigenous and other forest communities, and accountability arrangements)

Section 2 Identification of opportunities for Greenhouse gas abatement (2 pages)

The Investment Plan will identify key opportunities for reducing emissions from deforestation and forest degradation as well as the conservation and enhancement of forest carbon stocks. The interventions should be sufficiently flexible to include a wide range of possible public and private sector activities. The investment opportunities should meet the FIP investment criteria as outlined in the *FIP Investment Criteria and Financing Modalities*.

Section 3 Enabling policy and regulatory environment (1-2 pages)

The Investment Plan should

- (a) describe the fiscal and regulatory framework, land use policies, market structure, other incentives, and medium-term expenditure frameworks in the forestry (including REDD+ readiness) and related sectors to support the operations envisaged in the plan;
- (b) describe the extent to which the existing regulatory and policy framework supports, or conflicts with, REDD+ objectives; and
- (c) further identify existing regulatory gaps and governance challenges and describe the barriers that exist and what the potential impacts of public and private sector interventions could be if these barriers are addressed.

Section 4 Expected Co-Benefits from FIP Investment (1 page)

The Investment Plan should identify expected co-benefits from FIP investments, including the contribution to the improvement of local livelihoods, poverty alleviation, and human development of forest dependent communities, including indigenous peoples, as well as, the protection of biodiversity and other ecosystem services; enhance climate resilience, and the promotion of gender equality and social sustainability. A key element will be the description of environmental and social outcomes and benefits of the FIP investments.

Section 5 Collaboration among MDBs and with other Partners

The Investment Plan should discuss the collaboration potential among MDBs and with other development partners (e.g. FCPF, UN-REDD, GEF) in preparing the Investment Plan as well as potential collaboration during implementation of the Investment Plan. This should include a brief description of relevant ongoing or planned activities of potential partners, the status of interaction and the potential to leverage financial and technical resources with the view to enhancing the implementation of the Investment Plan and making it more comprehensive.

Section 6 Identification and rationale for projects and programs to be co-financed by FIP (4 pages)

A sub-set of interventions for FIP co-financing should be selected from the wide range of opportunities identified in Section 2. For each project or program, the Investment Plan should:

- (a) Prioritize activities that
 - i. would enable the scaling-up of approaches, forest management models, technologies, and solutions that are successfully piloted but not in routine use, and/or
 - ii. would help generate working examples of low carbon forest development that might be applied at scale to the country, geographic sub-region or sub-sector. An appropriate justifications needs to be presented for why these activities are prioritized.
- (b) Assess the cumulative emissions savings, explaining how investments
 - i. would explore new opportunities previously unrealized at scale, and/or
 - ii. are linked to policy and regulatory change t that will stimulate much wider action by creating new opportunities and removing barriers.
- (c) Estimate the replication and scalability potential of the project or program, e.g. its potential impact on the deforestation rate, pace of rehabilitation of degraded areas, conservation of existing forest carbon stocks, REDD activities and payments, and/or forest carbon emissions.
- (d) Provide evidence of poverty reduction, environmental and social co-benefits by prioritizing activities that
 - i. help reduce poverty by enhancing economic growth or by improving services to the poor, taking into account the gender dimension of poverty and/or
 - ii. provide local or regional environmental benefits such as greater biodiversity, improved watershed management or better soil quality.

- (e) Take into account the framework of the MDBs' Country Assistance/Partnership Strategies, other relevant national planning exercises and activities of other development programs, including the FCPF, UN-REDD, bilateral development agencies, UN and GEF.
- (f) Establish 2-3 results indicators consistent with the FIP Results Framework and identify methodology to measure those along with a timeline for achieving results.

Section 7 Implementation potential with risk assessment (1-2 pages)

An assessment of the implementation potential of the alternative GHG emission reduction options in the Investment Plan should be considered. This would include an analysis of the technical and management capacities of the executing agencies or project sponsors/entities as well as their financial health. If there are bottlenecks in related infrastructure or land use, the ability of executing agencies or project entities to resolve these problems should also be addressed. The Investment Plan should include an initial description of potential risks that might affect the implementation of proposed investments including: country and sub-national level risks; sector policies and institutions; technology, governance, environmental, and social risks.

Section 8 Financing plan and instruments (half-page)

The Investment Plan should provide a projected amount of FIP co-financing and total financing requirements for each intervention, potential sources of public and private financing (including carbon finance, bilateral development banks and agencies, and non-traditional financiers). The Investment Plan should also identify FIP leverage ratios and types of financial instruments e.g., commercial loans, concessional financing, grants).

Section 9 Results Framework for Investment Plan (1-2 pages, table format)

Consistent with the FIP Results Framework³, each FIP pilot country Investment Plan should provide a higher level results framework presenting expected results from FIP investments, success indicators and means of verification (e.g. information on methodology how indicators will be measured or relevant data gathered). Projects and Programs supported under the Investment Plan will have to present their own respective results frameworks but have also to report against relevant key indicators in the results framework for the investment plan (aggregation). This section should also provide information on baseline information against which progress will be monitored.

Annexes

The Investment Plan should include five annexes that summarize:

Annex 1: the proposed project and program pipeline, including the notional FIP resource allocation, an estimate of resources that would be leveraged, projections of potential carbon emissions reductions from both, the co-financed portfolio as well as the larger transformational impact and other results indicators.

³ To be approved by the FIP Sub-Committee.

For each project concept, a project outline annex (maximum two pages) should be provided that includes:

- (a) MDB and lead RGC Agency(-ies)
- (b) Problem statement (1-2 paragraphs)
- (c) Proposed transformational impact and co-benefits (1-2 paragraphs)
- (d) Implementation readiness (1-2 paragraphs)
- (e) Potential national and international partners including their REDD+ financial support(1 paragraph and a table)
- (f) Rationale for FIP financing (1-2 paragraphs)
- (g) Safeguards
- (h) Financing plan
- (i) Project preparation timetable
- (j) Request for project preparation grant if required

Annex 2: A stakeholder involvement plan which presents an assessment of the relevant stakeholder groups in the pilot and how these groups have been involved in the design and will be involved in the implementation of the Investment Plan and related projects and programs.

Annex 3: Information on how funding from the Dedicated Grant Mechanisms for Indigenous Peoples and Local Communities will be part of the Investment Plan.

Annex 4: FCPF/UNREDD Readiness Preparation Proposal (R-PPs), National REDD+ Plan, Action Plan or equivalent (if available)

Annex 5: Technical review of the country Investment Plan by an expert/peer review group (from FCPF roster of experts)

Template for Summary of Investment Plan¹

FOREST INVESTMENT PROGRAM		
Summary of Country Investment Plan		
1. Country/Region:		
2. FIP Funding Request (in USD million)::	<i>Grant:</i>	<i>Loan:</i>
3. National FIP Focal Point:		
4. National Implementing Agency (Coordination of Investment Plan):		
5. Involved MDB		
6. MDB FIP Focal Point and Project/Program Task Team Leader (TTL):	<i>Headquarters-FIP Focal Point:</i>	<i>TTL:</i>
7. Description of Investment Plan:		
(a) Key challenges related to REDD+ implementation		
(b) Areas of Intervention – sectors and themes		
(c) Expected Outcomes from the Implementation of the Investment Plan		
(d) Link to activities supported by FCPF and UN-REDD Program		
8. Expected Key Results from the Implementation of the Investment Plan (consistent with FIP Results Framework and FIP Core Indicators ²):		
Result	Success Indicator	
(a)		
(b)		

¹ To be submitted together with the full plan document for endorsement by the FIP Sub-Committee.

² For core indicators, see annex 9.

11. Link with FCPF and UN-REDD Program Activities:
12. Other Partners involved in design and implementation of the Investment Plan⁵:
13. Consultations with Indigenous Peoples and Local Communities:
14. Private Sector Involvement:
1. Other relevant information:

⁵ Other local, national and international partners expected to be involved in design and implementation of the plan.

The letter from the Kingdom of Cambodia to CIF



ព្រះរាជាណាចក្រកម្ពុជា
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MINISTRY OF ECONOMY AND FINANCE

N^o 9087...MEFI.69B

Phnom Penh *November 13,* 2015

Ms. Mafalda Duarte
Program Manager
Climate Investment Funds
The World Bank
1818 H Street NW
Washington, D.C. 20433 USA
Tel: 1.202.458.1801
Fax: 1.202.522.2937

Subject: **Participation in the Forest Investment Program (FIP) investment Plan Preparation Grant and Acknowledgement of the Asian Development Bank (ADB) as Lead Agency**

Dear Ms. Mafalda Duarte,

We are pleased to inform you that the ADB has agreed to be the lead agency in assisting the Royal Government of Cambodia (RGC) to prepare the Forest Investment Plan under the Forest Investment Program (FIP).

As you are aware, the selection of the Kingdom of Cambodia as a new pilot country of the FIP on 15 May 2015 granted the RGC possibility of accessing an Investment Plan (IP) preparation grant. In order to reduce transaction costs and expedite delivery of the IP, we kindly request that the US\$250,000 IP preparation grant be executed by ADB on our behalf.

As communicated earlier, the Forestry Administration of the Ministry of Agriculture, Forestry and Fisheries (FA-MAFF) will be the focal point for the RGC in preparing the investment plan. The FA-MAFF, in consultation with relevant stakeholders, will agree with ADB on a detailed plan for the use of these resources during the FIP Joint Missions planned in 2016.

Please accept, Ms. Mafalda Duarte, the assurances of our consideration.

Sincerely yours, 



Dr. AUN PORNMONIROTH
Minister
Ministry of Economy and Finance

- Cc:
- MAFF, Forestry Administration
 - Ministry of Environment
 - ADB Cambodia Resident Mission
 - World Bank Cambodia Country Office
 - Dr. Ancha Srinivasan, FIP Focal Point, ADB

FOREST INVESTMENT PROGRAM			
Summary – Preparation Grant Request for Investment Plan			
1. Country/Region:	Cambodia	2. CIF Project ID#:	(Trustee will assign ID)
3. Funding Request (in USD):	250,000	Requesting MDB: Asian Development Bank (ADB)	
4. National FIP Focal Point:	Mr. Khorn Saret, Ph.D, Head of the Cambodia REDD+ Taskforce Secretariat, and Head of the MRV/ REL Technical Team		
5. National Implementing Agency (Investment Plan coordination)	Department of Forest and Community Forestry Forestry Administration, Ministry of Agriculture and Forestry Tel: 855- 92 954626 Email: dfc200007@hotmail.com head.secretariat@cambodia-redd.org		
6. MDB FIP Focal Points and Task Team Leader:	MDB Focal Point: Task Dr. Ancha Srinivasan, Mr. Principal Climate Change Specialist, Southeast Asia Department Climate	Team Leader: Bruce Dunn, Principal Environment Specialist Sustainable Development and Change Department	
7. Description of activities covered by the preparation grant:			
(a) <u>Investment Plan (IP) preparation:</u>			
<ul style="list-style-type: none"> • The preparation of Forest Investment Plan will involve conducting analytical work on the potential areas for investment aimed at reducing poverty and sustainable forest management. It would include assessment of national policies on REDD+, determine capacity needs and gaps, and identify priority projects aimed at sustainable forest management along with investment needs of each project. • The scoping mission held in Dec 2015 noted that priorities for FIP IP will be guided by the National REDD+ Strategy, National Forest Monitoring System, and Forest Reference Emission Level. • The stakeholders agreed that IP should focus on two critical areas: (i) REDD+ policy support and capacity building at national level, and (ii) REDD+ implementation at subnational levels. • In terms of policy support, strengthening national forest inventory and national forest monitoring system, establishing an effective national monitoring, reporting and verification system, REDD+ Safeguards Information System and capacity building for results-based financing and benefit sharing are considered critical. • In terms of REDD+ implementation, IP may focus on strengthening management of protected forest areas, and fisheries conservation areas, scaling up community-based REDD+ pilots, promoting alternative livelihood options to reduce pressure on forests, and integrated landscape management in critical biodiversity regions. 			
(b) <u>Stakeholder consultations:</u>			
<ul style="list-style-type: none"> • Preparation of the forest investment plan will involve a series of consultations with diverse stakeholders including local communities, indigenous peoples, private sector, government agencies and development partners associated with forest conservation and REDD+ activities. • Stakeholders will be involved in all steps to identify and prioritize forest investments. Inputs from various stakeholders to the investment plan will be recorded, and efforts will be made to build consensus on key priorities for the investment plan. 			

<p>(c) <u>South-South Exchange on FIP Investment Plan Preparation:</u></p> <ul style="list-style-type: none"> • Cambodia will share its experience on investment plan preparation with other pilot countries at various workshops, including FIP Pilot Countries' meeting. <p>(d) <u>Resource mobilization:</u></p> <ul style="list-style-type: none"> • Develop draft project documents to be submitted to Green Climate Fund or other funds 																											
<p>8. Expected outcomes:</p> <p>(a) Cambodia's FIP Investment Plan prepared</p> <p>(b) Stakeholder consensus built through public consultations</p> <p>(c) Knowledge products on preparation of FIP investment plan delivered</p>																											
<p>9. Deliverables and timeframe:</p> <p>(a) Consultants hired by May 2016</p> <p>(b) Investment Plan completed by September 2016</p> <p>(c) Knowledge exchange held in October 2016</p>																											
<p>10. Budget (indicative) :</p> <table border="1"> <thead> <tr> <th style="background-color: #d9ead3;">Expenditures</th> <th style="background-color: #d9ead3;">Amount (USD) - estimates</th> </tr> </thead> <tbody> <tr> <td>Consultants</td> <td>165,000</td> </tr> <tr> <td>Equipment</td> <td>---</td> </tr> <tr> <td>Workshops/seminars</td> <td>50,000</td> </tr> <tr> <td>Travel/transportation</td> <td>15,000</td> </tr> <tr> <td>Others (admin costs/operational cost)</td> <td>10,000</td> </tr> <tr> <td>Contingencies (max. 10%)</td> <td>10,000</td> </tr> <tr> <td style="text-align: right;">Total Cost</td> <td>250,000</td> </tr> <tr> <td colspan="2">Other contributions:</td> </tr> <tr> <td>• Government</td> <td>In-kind</td> </tr> <tr> <td>• MDB</td> <td>In-kind</td> </tr> <tr> <td>• Private Sector</td> <td></td> </tr> <tr> <td>• Others (please specify)</td> <td></td> </tr> </tbody> </table>		Expenditures	Amount (USD) - estimates	Consultants	165,000	Equipment	---	Workshops/seminars	50,000	Travel/transportation	15,000	Others (admin costs/operational cost)	10,000	Contingencies (max. 10%)	10,000	Total Cost	250,000	Other contributions:		• Government	In-kind	• MDB	In-kind	• Private Sector		• Others (please specify)	
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<p>11. Timeframe (tentative) –milestones</p> <p>Submission of Grant Request for MDB FIP Committee Approval: April 2016</p> <p>First Joint Mission: June 2016</p> <p>Final Joint Mission: August 2016</p> <p>Investment Plan for FIP Sub-Committee Endorsement: November 2016</p>																											
<p>12. Brief Description of stakeholder consultation plan (civil society, indigenous people, private sector, bilateral and multi-lateral development partners, including FCPF, UN-REDD Programme and GEF)</p> <ul style="list-style-type: none"> • Consultations with 5 groups of stakeholders – Government, civil society, forest dependent communities, private sector and development partners will be held regularly during IP preparation. • During the scoping mission held from 17-18 December 2015, representatives of the above groups were sensitized on the IP preparation process as well as the funding requirement procedures. 																											
<p>13. If applicable, explanation for why grant is MDB-executed: This was requested by the client to expedite execution. Execution by ADB is also in conformity with ADB procedures for implementing technical assistance grants.</p>																											
<p>14. Other relevant information: ADB will administer procurement of consulting services and goods from the Headquarters with support of the ADB Resident Mission in Cambodia.</p>																											

Aide Memoire
Forest Investment Program (FIP) in Cambodia
Scoping Mission
Phnom Penh, 17–18 December 2015

I. Background

1. Cambodia is one of the newly selected pilot countries for preparing an Investment Plan (IP) under the Forest Investment Program (FIP) of the Climate Investment Funds in 2015. The objective of the FIP is to support efforts of developing countries by providing financing for REDD+¹ readiness reforms and for public and private sector investments identified through national REDD+ strategy building efforts. The Ministry of Economy and Finance (MEF) of the Royal Government of Cambodia (RGC) designated the Forestry Administration (FA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF) as the FIP focal point in Cambodia, in partnership with the General Department of Administration for Nature Conservation and Protection (GDANCP) of the Ministry of Environment (MOE), Fisheries Administration of MAFF, and Cambodia REDD+ Taskforce Secretariat. The RGC requested the Asian Development Bank (ADB) to assist in IP preparation.

2. Consistent with the FIP guidelines, the staff of the Forestry Administration, MAFF and the ADB jointly led a scoping mission² from 17 to 18 December 2015 to introduce FIP to key stakeholders of the REDD+ process with a view to discuss the FIP context, objectives, expected results, procedures and implementation modalities. The mission is intended to (a) identify key stakeholders to be involved in IP preparation, (b) consolidate relevant documentation to discuss how the FIP fits in with the national REDD+ strategy, (c) assess the status of REDD+ readiness, and (d) conduct an assessment of the technical assistance and resources required to prepare the IP. The mission is also aimed to agree on (a) institutional arrangements and timeline for IP preparation, (b) stakeholder communications and consultation process, and (c) the roles and responsibilities of the principal actors in preparing IP.

3. The mission held discussions with government representatives including members of the Cambodia REDD+ Taskforce³, civil society organizations (CSOs), the private sector and development partners. The mission schedule and the list of people met are in Annexures 1 and 2 respectively. The

¹ REDD+ refers to reducing emissions from deforestation and forest degradation, conservation and sustainable management of forests, and improvement of carbon stocks.

² The scoping Mission was co-led by Dr. Khorn Saret, Deputy Director and Head of National REDD+ Taskforce Secretariat, and Dr. Ancha Srinivasan, Principal Climate Change Specialist, Asian Development Bank (ADB). Thuy Trang Dang, Environment Specialist, ADB; Chanthou Hem, Senior Project Officer, Cambodia Resident Mission (CARM) and Mia Hyun, Social Development Specialist, CARM joined selected meetings. Support from other staff of FA, MAFF and CARM is gratefully acknowledged.

³ The Cambodia REDD+ Taskforce, established on 26 February 2013 is chaired by the Deputy Director General of FA, and vice-chaired by the Deputy Director General of General Department of Natural Protection and Conservation of MOE. Other members of the Taskforce include representatives of the Ministry of Interior, MEF, Ministry of Mines and Energy, Ministry of Rural Development, Department of Aquatic Conservation of the FA, Technical Deputy Director General of the MOE, Department of Wildlife and Biodiversity of FA, State Conservation Office, and Department of Land Conservation of the Ministry of Land Management Urbanization and Construction (<http://www.cambodia-redd.org/category/national-redd-framework/redd-taskforce#sthash.423Y0lhK.dpuf>)

Mission informed key stakeholders of the steps involved in IP preparation and tentative timelines for preparing the IP. The findings and recommendations of this draft aide memoire were discussed at a wrap-up meeting chaired by H.E. Dr. Chheng Kimsun, Head of Forestry Administration (FA) on 18 December 2015. The contents of the aide Memoire are subject to approval of higher authorities in the government of RGC and ADB.

II. Mission Findings

A. Meeting with Government Representatives

4. Stakeholders recognized that forest resources in Cambodia are under pressure from various drivers of deforestation and forest degradation, and noted that the decline in forest cover was a result of both planned and authorized measures (promotion of agro industry through economic land concessions [ELCs], granting land to landless households through social land concessions, diversion of forest lands for public infrastructure) and unauthorized actions (encroachment, logging and unsustainable utilization of forest resources). Stakeholders noted that Cambodia's forestry sector offers considerable potential for reducing greenhouse gas (GHG) emissions and for generating enormous social, economic and environmental co-benefits.

5. REDD+ implementation in Cambodia, as in other countries, comprises three phases: (i) readiness, (ii) implementation and (iii) results-based payments for verified emissions reductions. Participants noted that FIP could contribute to Cambodia's transition from REDD+ readiness to implementation phase from 2016 through strengthening the national REDD+ strategy, national forest monitoring system, REDD+ safeguards information system, and elaboration of Forest Reference Emissions Level (FREL) or Forest Reference Level (FRL), and provide a strong basis for Phase 3, which is expected to be operational in 2021. Several participants agreed that FIP could initiate and facilitate steps towards transformational improvements and strengthening of Cambodia's forest related institutions, policies, technologies and behavior of various actors including the local communities and the private sector.

6. Representatives of FA noted that FIP preparation process can reinforce the design of REDD+ institutional framework in Cambodia and may provide critical financial resources for effective implementation of the National Forest Program, National Protected Area Strategic Management Plan, and the Strategic Planning Framework of Fisheries. They also noted that FIP would provide opportunities to integrate green growth and low emission pathways into national policies and approaches.

7. Representatives of several ministries acknowledged that participation, leadership, ownership and responsibility of local communities in REDD+ is vital. They noted that FIP could support community-based forest management (CBFM) initiatives and strengthen skills of local communities in leading the projects by themselves. A representative from MOE mentioned that initiatives such as community-based mangrove conservation in Koh Kong could be scaled up with support from FIP.

8. A representative from the Ministry of Economy and Finance (MEF) noted that any request for concessional credit or loan under FIP should be aligned with the National Debt Management Strategy. A representative from the Ministry of Mines and Energy noted that FIP resources could play an important

role in deploying and improving bioenergy technologies. He noted that current technologies in Cambodia are limited to converting rice husk and sugar cane wastes into energy and that FIP might consider developing appropriate and affordable technologies for converting waste wood pellets to bioenergy.

9. The importance of FIP in supporting REDD+ implementation at sub-national levels was emphasized by several representatives. They noted that livelihood support initiatives through small and medium enterprises focusing on Bamboo, Rattan, and ecotourism could provide substantial co-benefits. They also stressed that the private sector could play a critical role in supporting the provincial governments and local communities.

10. Several representatives stressed that timely formulation of IP is critical to harness opportunities on REDD+ financing, including from the Green Climate Fund. They noted that the proposed schedule for IP preparation is tight, and suggested inclusion of an additional step of national approval process for one month. The representative from MEF advised the team to prepare an executive summary of IP in Khmer language to facilitate quick endorsement of IP within the ministry.

B. Meeting with Civil Society Organizations

11. The Mission stressed the importance of civil society organizations (CSOs) in formulating the IP. The Mission informed the participants that CSOs could play an important role in FIP such as capacity building, awareness raising, safeguards, planning, and implementation. The Mission encouraged CSOs to offer concrete suggestions for proactive and effective involvement of the civil society in FIP. In response to a query from NGO Forum, the Mission clarified that the FIP will continue to be part of the REDD+ implementation structure agreed under UN-REDD.

12. A participant noted that FIP should support (i) the establishment and legalization of simplified and equitable community forestry systems, (ii) capacity development for community forestry, (iii) business model development for community forestry, (iv) development of community protected areas [CPAs], and (v) implementation of existing community forest management plans. He also suggested that FIP could support integration of alternative community forestry models in the National Forest Programme.

13. In response to a query on implementation arrangements for FIP, the Mission noted that MEF is the focal for Climate Investment Funds, and that MEF designated FA as the focal point for FIP. The Mission noted that MOE will also be involved besides the Fisheries Administration of the MAFF in all FIP discussions. In response to a query on utilizing FIP funds for supporting agriculture in Brazil, the Mission replied that FIP supports investments outside the forest sector, as long as the actions are intended to reduce the pressure on forests.

14. A representative from NGO Forum asked about next steps following endorsement of IP by FIP subcommittee. The Mission noted that the project concepts would be submitted first for funding to FIP; and later to other development partners or international climate funds such as Green Climate Fund. Regarding a query of monitoring and evaluation, the Mission noted that standard ADB procedures of monitoring and evaluation (with regard to relevance, effectiveness, efficiency and sustainability) would

apply to projects administered by ADB. In addition, FIP results framework would guide monitoring of specific indicators.

15. In terms of involving CSOs in preparation of IP, the Mission noted that the REDD+ Consultation Group can play an important role. In addition, at least three meetings will be organized by future missions to receive comments and feedback from key stakeholders. In response to a query on if CSOs could directly get funding from the FIP, the Mission noted that the current efforts are aimed at preparing the IP. The IP may include a project that could focus on providing support to CSOs involved in REDD+ activities.

16. Several NGO representatives noted that ensuring rights of communities to forests is quite critical and that FIP should support investments in community forestry. They also recommended that FIP should support conservation agreements to improve livelihoods and services to the community in exchange for reducing unsustainable forest use practices. They also noted that FIP projects should build on and effectively link with other ongoing initiatives on sustainable forest management. In response to a query on if FIP resources could be used for recruiting personnel for effective SFM, the Mission noted that FIP resources cannot be used to support recruitment of government staff, as per FIP regulation. Some representatives noted that FIP should support projects on forest community empowerment, agricultural intensification and ecotourism.

C. Meeting with the Private Sector

17. The Mission noted that FIP is interested in effective engagement of the private sector in REDD+ and sustainable management of forests. In response to a query from the private sector representatives, the Mission clarified that the IP could support (especially in the form of concession credit) to the private sector initiatives on REDD+ that contribute to value chain addition, product development, marketing and appropriate technologies. A representative noted that Cambodia has considerable areas of degraded lands and that FIP should provide resources to restore degraded lands.

18. Several representatives noted a few challenges for effective engagement of the private sector in forest management. These include limited availability of credit on concessional terms, and other market risks. The Mission noted that FIP could consider providing concessional resources to overcome such challenges based on due diligence.

D. Meeting with Development Partners

19. The Mission noted that several ongoing REDD+ projects supported by development partners (e.g., USAID, JICA, SDC, UNDP and others) are particularly relevant for establishing linkages and incorporating their experience and lessons learned into the formulation of project concepts under FIP IP. The mission will endeavour to integrate improved delivery mechanisms and innovations as far as possible in the IP formulation. The Mission encouraged dialogue and exchange with development partners within existing government forums and outside to enrich IP formulation.

20. Several development partners confirmed that FIP can indeed be a good financial mechanism for implementation of the national REDD+ strategy. In response to a query on grants versus concessional

credit under FIP, the Mission clarified that the selection of financing instrument depends on the nature of the project. It was noted that grant resources may be used to support public investments on policies and capacity building, grants to local communities and civil society organizations while concessional credit may be given to the private sector investments. In response to another query, the Mission clarified that existing initiatives such as National Forestry Inventory and National Forest Monitoring systems could be supported if we could clearly define specific areas of support. The Mission noted that National Forest Inventory Manual is almost completed and will be put into effect next year. A participant mentioned that mapping component of the national forest inventory is expensive.

21. A representative of JICA advised the Mission to review the multi-year work plan of the Cambodia National REDD+ Taskforce and National REDD+ Strategy (NRS) to identify specific areas for FIP support. He noted that outputs 3 and 4 of the national REDD+ strategy, focusing on field operations, would require substantial investments and could be funded through FIP or other REDD+ implementation focused funds. He noted that policy support may not be costly but is critical to ensure effective REDD+ implementation. In response to a query on Cambodia's readiness to implement FIP, the Mission noted that the country is ready for transition to "implementation" phase because of extensive support provided by UN-REDD and FCPF to the government to date. The Mission also clarified that FIP subcommittee does not impose any leverage requirements on countries such as Cambodia, but the Mission plans to mobilize as much cofinancing as possible for REDD+ initiatives.

22. A representative from SDC noted that effective stakeholder engagement is critical, and that FIP should focus on overcoming barriers for implementing Community Forestry Management Plans. The Mission recognized that FIP could focus on improving skills of local communities in demonstrating ownership and responsibility for community forests. Another representative noted that Cambodia would require additional support in strengthening its safeguards information system. The Mission clarified that the priority is to build on national safeguards system and strengthen specific areas which need further improvement to meet FIP and ADB safeguard requirements. In response to a query from USAID, the Mission noted the FIP IP could focus on selected forest regions of the country or entire country depending on discretion of the government. In response to a query on the role of Fisheries Administration, the Mission noted that the Fisheries Administration would also be involved in FIP implementation.

E. Priorities for FIP Investment Plan

23. The Mission noted that priorities for FIP IP will be guided by the National REDD+ Strategy, National Forest Monitoring System, and Forest Reference Emission Level. Most of the stakeholders agreed that IP should focus on two critical areas: (i) REDD+ policy support and capacity building at national level, and (ii) REDD+ implementation at sub-national levels. With regard to policy support, IP may focus on strengthening national forest inventory and national forest monitoring system, establishing an effective national monitoring, reporting and verification (MRV) system, REDD+ Safeguards Information System and capacity building for results-based financing and benefit sharing. In terms of REDD+ implementation, many participants suggested that IP should focus on strengthening management of protected forest areas, and fisheries conservation areas, scaling up community-based REDD+ pilots, promoting alternative livelihood options to reduce pressure on forests, and integrated landscape management in critical biodiversity regions.

24. The Mission informed participants that one could envision the preparation of an IP with 3 scenarios – low (\$25-30 million), medium (\$40-60 million) and high (\$80-100 million). The Mission also clarified that it is country’s prerogative to opt for only grants or a mix of grants and concessional credits. It was stressed that proactive country leadership, effective engagement of stakeholders, close cooperation and coordination of ministries and development partners, and workable institutional arrangements are critical for successful implementation of the FIP. The key elements to be considered in IP preparation as pointed out by the FIP Sub-committee include: clearer presentation of the incremental value additions of proposed investments, innovation and transformational impact; effective synergies with other REDD+ efforts by development partners; strong gender considerations; effective private sector involvement; clarity on civil society involvement; identification and measurement of tangible results, and cost effectiveness as a viable indicator for project design.

III. Next Steps

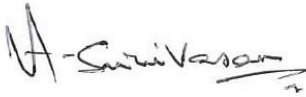
25. The following are the agreed key next steps/milestones for IP preparation.

Activity	Responsibility	Tentative Deadline
Signing of Aide Memoire	RGC and ADB	December 2015
Request for IP Preparation Grant and MDB Country Programming Budget	ADB	January 2016
Recruitment of consultants	ADB	March-April 2016
First Joint Mission	FA/RGC and ADB	Late April 2016
First draft of IP and Technical Mission (if necessary)	ADB Consultant team	May 2016
Review by the Government Ministries and feedback	RGC	May 2016
Second draft of IP after incorporation of RGC comments	ADB	Early June 2016
Second Review by the Government Ministries	RGC	June 2016
Second Joint Mission	RGC and ADB	Late July 2016
Pre-final draft IP	ADB Consultant team	August 2016
Independent technical review the IP and incorporation of comments	RGC and ADB	August-September 2016
Posting of Final version of IP on MAFF web site for 2 weeks for public comments	RGC	September 2016
Submission of IP to the CIF Administrative Unit for posting on the CIF website and review by the FIP Subcommittee	RGC	October 2016
Endorsement by the FIP Subcommittee	FIP Subcommittee	November 2016

IV. Acknowledgments

26. The Mission sincerely thanks H.E. Dr. Chheng Kimsun, Head of Forestry Administration (FA), H.E. Dr. Chea Sam Ang, Deputy Director General of FA and other senior staff in MAFF, other line ministries and agencies of the Royal Government of Cambodia for their kind cooperation, valuable inputs and contributions.

Signed in Phnom Penh, 18 December 2015



Dr. Ancha Srinivasan
Principal Climate Change Specialist
and Mission Leader
Asian Development Bank



Dr. Khorn Saret
Head, Cambodia REDD+ Taskforce Secretariat
Forestry Administration
Ministry of Agriculture, Forestry and Fisheries,
Cambodia

Annexes

1. Mission Schedule
2. List of people met

Terms of Reference (ToR) for Consultants

A. Background

1. On 6 December 2013, Asian Development Bank (ADB) approved a regional capacity development technical assistance for Promoting Ecosystem Services and Forest Carbon Financing in Asia and the Pacific (R-CDTA 8564).¹

2. The TA is part of ADB's current support to strengthen the protection and management of large-scale ecosystems and address climate change in the Asia-Pacific region. The RETA activities will contribute to three main outputs: (i) knowledge shared and partnerships strengthened for economic valuation of ecosystem services; (ii) mapping and valuation performed for ecosystem services in critical landscapes and seascapes; and (iii) pilot activities conducted of the integration of ecosystem service values and financing mechanisms into planning processes and projects.

3. It is proposed that under R-CDTA 8564 ADB will provide support to Kingdom of Cambodia to prepare a preparing an Investment Plan (IP) under the Forest Investment Program (FIP) of the Climate Investment Funds in 2015.² The FIP is one of the three targeted programs of the Strategic Climate Fund set up under the Climate Investment Funds (CIFs). The main purpose of the FIP is to support developing countries' efforts to reduce emissions from deforestation and forest degradation (REDD+), providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into account opportunities to help them adapt to the impact of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancement.

4. The Ministry of Economy and Finance (MEF) of the RGC designated the Forestry Administration (FA) of the Ministry of Agriculture, Forestry and Fisheries (MAFF) as the FIP focal point, in partnership with the Ministry of Environment (MOE), Fisheries Administration of MAFF, Cambodia REDD+ Taskforce and REDD+ Secretariat. The RGC subsequently requested the ADB to assist in IP preparation.

5. Consistent with the FIP guidelines, the staff of the Forestry Administration, MAFF and the ADB jointly led a scoping mission from 17 to 18 December 2015 to introduce FIP to key stakeholders of the REDD+ process with a view to discuss the FIP context, objectives, expected results, procedures and implementation modalities. The mission was intended to (a) identify key stakeholders to be involved in IP preparation, (b) consolidate relevant documentation to discuss how the FIP fits in with the national REDD+ strategy, (c) assess the status of REDD+ readiness, and (d) conduct an assessment of the technical assistance and resources required to prepare the IP. The mission is also aimed to agree on (a) institutional arrangements and timeline for IP preparation, (b) stakeholder communications and consultation process, and (c) the roles and responsibilities of the principal actors MAFF in preparing IP.

6. The preparation of IP will involve conducting analytical work on potential areas for investment aimed at supporting REDD+ efforts by providing up-front bridge financing for readiness reforms and

¹ <http://www.adb.org/projects/44141-012/main#project-pds>

² Since July 2016, The World Bank and ADB have agreed to partner in support of the Government in the development of the FIP Investment Strategy for Cambodia.

public and private investments identified through national REDD+ readiness building efforts. In addition, IP will strive for maximizing co-benefits of sustainable development, including the conservation of biodiversity, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihood enhancements. The Annex 1 provides the guidance for preparing the country-level investment plan including the annotated outline for investment plan. In summary, the preparation of the IP would include (i) assessment of national policies for reducing greenhouse gas emissions from deforestation and forest degradation (REDD+); (ii) determining capacity needs and gaps; (iii) and identification of priority SFM and REDD+ projects for implementation at sub-national levels, along with investment needs of each project. The priorities for FIP IP will be guided by the National REDD+ Strategy, National Forest Monitoring System, Forest Reference Emission Level, and Cambodia's Intended Nationally Determined Contribution to the United Nations Framework Convention on Climate Change (UNFCCC). The IP is intended to deliver transformational change and should go beyond business-as-usual. The IP will be assessed according to:

- Climate change mitigation potential;
- Demonstration potential at scale;
- Cost-effectiveness;
- Implementation potential;
- Integrating sustainable development (co-benefits); and
- Safeguards.

7. In terms of technical measures, strengthening national forest inventory and national forest monitoring system, establishing an effective national monitoring, reporting and verification system, REDD+ Safeguards Information System and capacity building for results-based financing and benefit sharing, among others, are considered critical. Support is also needed in the policy arena to ensure that the regulatory framework is sound, that governance is sound and the resources and capacity are in place to ensure compliance.

8. In terms of REDD+ implementation, IP may focus on strengthening management of protected forest areas, and fisheries conservation areas, scaling up community-based REDD+ pilots, promoting alternative livelihood options to reduce pressure on forests, and integrated landscape management in critical biodiversity regions.

9. Preparation of the IP will be led by the RGC and involve a series of consultations with diverse stakeholders including local communities, indigenous peoples, private sector, government agencies, academia, NGOs and development partners associated with forest conservation and REDD+ activities. Stakeholders will be involved in all steps to identify and prioritize forest investments. Inputs from various stakeholders to the investment plan will be recorded, and efforts will be made to build consensus on key priorities for the investment plan.

10. The main outputs of the activities will be: (i) Cambodia's Forest Investment Plan prepared; (ii) stakeholder consensus built through public consultations; and a knowledge product on preparation of IP delivered. As part of this, the TA will assist the RGC to share its experience on IP preparation with other pilot countries at various workshops, including FIP Pilot Countries' meetings. It is also intended that the draft IP and related project documents will be submitted to Green Climate Fund or other funds for possible climate finance.

11. Six individual consultants will be recruited under R-CDTA 8564 to assist the RGC in the preparation of the IP in Cambodia between 1 September 2016 and 31 March 2017. Based on the request of the RGC, the consultants are to be engaged by ADB in accordance with the *Guidelines on the Use of Consultants* (2013, as amended from time to time). Individual consultants will be engaged on output-based contracts. The executing agency (EA) for R-CDTA 8564 is ADB. The Implementing agency (IA) is the Ministry of Agriculture and Forestry. Close coordination will also be undertaken with the Ministry of Environment, the Fisheries Administration of MAFF, the Cambodia REDD+ Taskforce and REDD+ Secretariat.

12. ADB's Environment and Safeguards Division (SDES) within the Sustainable Development and Climate Change Department (SDCC) will administer procurement of consulting services and associated activities with support of the ADB Resident Mission in Cambodia. Specifically, the consultants will work under the overall direction of the Principal Environment Specialist, SDES. A joint team of specialists from the ADB and the World Bank will advise the consultants on a regular basis and undertake two joint missions to review progress during the preparation of the IP.

13. The consultant team will include the following 6 positions: (i) International REDD+ Specialist (Study Team Leader); (ii) International Forest Economist / Climate Finance Specialist; (iii) National Forest Expert (Policy and Institutions); (iv) National Community Development and Livelihood Expert; (v) National Stakeholder Participation Expert; and (vi) National Administration and Coordination Assistant.

B. Detailed Terms of Reference:

14. **International REDD+ Specialist / Study Team Leader** (International, 4-person months, intermittent). The consultant will have at least 10 years' experience in sustainable forest management and REDD+ related work with a relevant Master's degree or higher in forestry, climate change, or a related area. Prior experience on FIP and/or any other investment plan preparation will be an advantage. The consultant will have considerable experience as team leader and relevant background that includes extensive experience in assisting government institutions. Also required are abilities to work effectively with government representatives both at national and provincial levels, development partners and other stakeholders, and to report effectively in strategic consultations and in written reports. The main tasks will include guiding the government team on the following tasks:

- (i) Direct the work of all consultants under the guidance of MAFF and the ADB and the World Bank technical team to assist the government to develop the IP
- (ii) In concert with the government, conduct a desk review of approved forest investment plans of other FIP pilot countries, as well as other relevant investment planning processes and identify the most appropriate and innovative ways of preparing and preparing the IP.
- (iii) Review and update where necessary, data and information on the existing and planned REDD+ activities currently being implemented, planned or proposed to be financed by the government, development partners, international NGOs, private sector and others in Cambodia.
- (iv) Review existing projects and proposals for new or extended projects being financed by ADB and other development partners, and determine areas where additional investment of FIP funds would make use of project management capacity in place;

- (v) Review the current status of relevant policies and strategies for Cambodia, including, but not limited to, the national REDD+ strategy, national forest monitoring system, REDD+ safeguards information system, National Forest Program, National Protected Area Strategic Management Plan, and the Strategic Planning Framework of Fisheries. Reference and linkage should also be made to broader national and sector strategy documents such as National Strategic Development Plan 2014-2018 and the Rectangular Strategy for Growth, Employment, Equity and Efficiency, Phase III.
- (vi) Review the status of REDD+ readiness and implementation in Cambodia.
- (vii) Consider the drivers of deforestation and forest degradation in Cambodia, and identify possible interventions and opportunities for transformative impact including emissions reduction potential and co-benefits.
- (viii) Provide guidance and participate in the stakeholder consultation process, document review, and provide question and answer sections and integrate agreed comments into the draft Investment Plan (IP). The consultant is expected to participate in the Joint Missions of the MDBs.
- (ix) Identify potential investment programs, projects and sites, including the preparation of draft concept papers, initial feasibility assessment and financing plans.
- (x) Assess potential for the financing of private sector initiatives on REDD+ that contribute to value chain addition, product development, marketing and appropriate technologies.
- (xi) Prepare a Results Framework for the IP in accordance with relevant FIP and MDB and identify the baseline and indicators that will be used monitoring, reporting and verification, and define any additional indicators that required reporting on any mobilized climate finance. It will be guided by the FIP results framework and relevant ADB and World Bank procedures for monitoring and evaluation.
- (xii) Ensure that the IP reflects the key criteria for FIP support: (a) Climate change mitigation potential; (b) Demonstration potential at scale; (c) Cost-effectiveness; (d) Implementation potential; (e) Integrating sustainable development (co-benefits); and (f) Safeguards.
- (xiii) Undertake other analytical tasks and field visits as required to complete the IP, including a preliminary assessment of the potential impacts of various measures to address climate change mitigation in the context of REDD+.
- (xiv) Prepare initial draft and draft final IP including the consolidation of inputs submitted by other consultants. The IP should provide a clear presentation of the incremental value additions of proposed investments, innovation and transformational impact; effective synergies with other REDD+ efforts by development partners; strong gender considerations; effective private sector involvement; clarity on civil society involvement; identification and measurement of tangible results, and cost effectiveness as a viable indicator for project design.
- (xv) Finalize FIP IP including the consolidation of inputs submitted by an independent technical reviewer from the CIF Administration Unit (CIF AU).
- (xvi) Assist the government for submission of the IP to the FIP Sub-Committee fulfilling all the requirements.

15. Outputs: The main output for the Study Team Leader will be:

- (i) Inception report, with refined terms of reference, methods, work schedule and timetable for the preparation of the IP. This will consolidate inputs from all other consultants.
- (ii) Assistance to the government to produce A first draft IP
- (iii) A second draft IP after incorporation of RGC, ADB and World Bank comments
- (iv) Final IP incorporating comments from independent technical reviewer from the CIF AU.

16. **International Forest Economist / Climate Finance Specialist** (International, 2-person months, intermittent). The consultant will have at least 10 years' experience in environmental economics, climate finance or related work with a relevant Master's degree or higher in economics, finance or a related area. The consultant will have considerable experience with international development partners, working with government institutions. Also required are abilities to work effectively with government representatives both at national and provincial levels, development partners and other stakeholders, and to report effectively in strategic consultations and in written reports. Experience with the private sector would be an advantage. The consultant is expected to be highly proficient in written and spoken English. The main tasks will include the following: tasks:

- (i) Assess and discuss financial resource mobilization options with the RCG and relevant stakeholders, including options for grants or a mix of grants and concessional credits or loans, as well as performance based mechanisms and financing instruments.
- (ii) Assess potential mechanisms and suitability of concession credits and loans to private sector initiatives on REDD+.
- (iii) Undertake an economic cost benefit analysis of proposed IP options and investments.
- (iv) Undertake consultations with the Ministry of Economy and Finance (MEF) and ensure that any proposals for concessional credit or loan under FIP should be aligned with the National Debt Management Strategy.
- (v) Prepare the draft and final Financing Plan and describe the financial instruments to be used as part of the IP

17. **Outputs:** The main output for the International Climate Finance Specialist are:

- (i) Contributions to the inception report, with refined terms of reference, methods, work schedule and timetable for the preparation of the IP. This will consolidate inputs from all other consultants.
- (ii) Draft Finance Plan
- (iii) Final Finance Plan after incorporation of RGC, ADB and World Bank and stakeholder comments

18. **National Forest Expert – Policy and Institutions** (National, 5-person months, full-time). The consultant will have at least 10 years' experience in forest management and REDD+ related work with a relevant Master's degree or higher in forestry, climate change, or a related area. The consultant will have specific experience related to forest policies and institutions in Cambodia and considerable experience with international development partners, working with government institutions. Also required are abilities to work effectively with government representatives both at national and provincial levels, development partners and other stakeholders, and to report effectively in strategic consultations and in written reports. Experience with the private sector and/or community-based forest management approaches is highly desirable. The consultant is expected to be highly proficient in written

and spoken English. The expert will be assigned to assist the team leader and other consultants and will work under the supervision of MAFF. The main tasks will include the following:

- (i) Provide overall technical support to the Study Team Leader and MAF in the preparation of IP.
- (ii) Prepare a review of Cambodia's forest related institutions, policies, laws and regulations, REDD+ readiness and implementation progress, lessons and challenges.
- (iii) Review and provide a brief assessment of the drivers of deforestation and forest degradation in Cambodia.
- (iv) Identify the gaps in the current national policy, strategies and legislation and recommend appropriate adjustment for transformative change in sustainable forest management and enhancing resilience in forest management.
- (v) Identify the institutional arrangement and current capacity for forest management including climate change mitigation and adaptation actions and align them with the national development plan.
- (vi) Identify the actors for sustainable for forest management and REDD+.
- (vii) Review environmental safeguard issues from proposed IP investments.
- (viii) Assist the team leader and other consultants with other required analytical and consultation tasks to support the preparation of the IP.

19. Outputs: The main output for the National Forest Expert are:

- (i) Contributions to the inception report, with refined terms of reference, methods, work schedule and timetable for the preparation of the IP.
- (ii) Review report on institutional, regulatory, policy context and context for the IP preparation.
- (iii) Inputs into the draft IP
- (iv) Inputs into the final IP.

20. **National Community Development and Livelihood Expert** (National, 4-person months, intermittent). The consultant will have at least 10 years' experience in community development related to forest management and sustainable livelihood options with a relevant Master's degree or higher in development studies or similar discipline. The consultant will have in-depth knowledge of operational, technical and policy issues and the ability to address issues across sectors especially sustainable livelihood, natural resource management, institutional development, capacity development and indigenous people development. The consultant will have considerable experience with international development partners, working with government institutions. Also required are abilities to work effectively with government representatives both at national and provincial levels, development partners and other stakeholders, and to report effectively in strategic consultations and in written reports. Experience with the private sector and/or community-based forest management approaches is highly desirable. The consultant is expected to be highly proficient in written and spoken English. The expert will be assigned to assist the team leader and other consultants and will work under the supervision of MAFF. The main tasks will include the following:

- (ix) Provide overall technical support to the Study Team Leader and MAF in the preparation of IP.
- (x) Review and provide a brief assessment of the drivers of deforestation and forest degradation in Cambodia.

- (xi) Synthesize information on existing forestry and sustainable livelihood activities in Cambodia, including consideration of technologies, and the role and behavior of various actors including the local communities and the private sector.
- (xii) Review existing experiences with community-based forest management (CBFM) initiatives, and assess options for the establishment and legalization of simplified and equitable community forestry systems, capacity development for community forestry (CF), potential business models, community protected areas [CPAs], and implementation of existing CF and CPA management plans.
- (xiii) Review the role of small and medium enterprises in the forestry sector in Cambodia. This should include among others, the role of bamboo, rattan, and ecotourism and their potential role in the IP, including the potential for co-benefits.
- (xiv) Identify scopes of people's participation in forest management including climate change mitigation and adaptation actions and align them with the IP.
- (xv) Assess the needs of different forest depended indigenous peoples groups and measures for their development.
- (xvi) Assess and scope the potential needs and feasibility of including a Dedicated Grant Mechanisms for Indigenous Peoples with the IP.
- (xvii) Identify and consult on sustainable livelihood options for forest dependent communities considered within the scope of the IP.
- (xviii) Assist the team leader and other consultants with other required analytical and consultation tasks to support the preparation of the IP.

21. Outputs: The main output for the National Community Development and Livelihood Expert are:
- (v) Contributions to the inception report, with refined terms of reference, methods, work schedule and timetable for the preparation of the IP.
 - (vi) Review report on institutional, regulatory, policy context and context for the IP preparation.
 - (vii) Inputs into the draft IP
 - (viii) Inputs into the final IP.

22. **National Stakeholder Participation Expert.** (National, 3-person months, intermittent). The consultant will have at least 8 years' experience in communications related work with a relevant Bachelor's degree or higher in communications, public policy, or a related area. The consultant will have considerable experience as trainer and relevant background that includes extensive experience in stakeholder participation and assistance to government institutions. Also required are abilities to work effectively with government representatives both at national and provincial levels, development partners and other stakeholders, and to report effectively in strategic consultations and in written reports. Well established networks with civil society organizations and experience with community consultation are highly desirable. The expert will be assigned to assist the team leader and other consultants and will work under the supervision of MAFF. Specific terms of reference include the following:

- (i) Prepare a stakeholder engagement and consultation plan for the IP preparation and review.
- (ii) Identify specific capacity building requirements for FIP and define the skills needed for the different FIP stakeholders at provincial and national levels

- (iii) Organize at least 3 rounds of stakeholder consultation workshops and other outreach activities in consultation with the other key agencies, and MDB partners
- (iv) Prepare a summary of each consultation workshop and circulate to all relevant stakeholders for comments.
- (v) Ensure that stakeholder consultation processes and outreach strategies include effective engagement with civil society organizations, indigenous people and the private sector.
- (vi) Facilitate other required stakeholder meetings, consultations and field visits.
- (vii) Assist in preparation of policy briefs relevant to FIP in Cambodia.
- (viii) Assess social safeguard and gender issues related to proposed IP investments.
- (ix) Prepare a stakeholder involvement plan for the IP implementation.
- (x) Undertake any other function directly related to the efficient preparation of IP as directed by the team leader, MAFF MDB partners.

23. Outputs: The main output for the National Communications and Stakeholder Participation Expert are:

- (i) Contributions to the inception report, with refined terms of reference, methods, work schedule and timetable for the preparation of the IP.
- (ii) Stakeholder engagement and consultation plan for IP preparation.
- (iii) Stakeholder involvement plan for the IP implementation.
- (iv) Inputs into the draft and final IP on stakeholder issues and capacity needs.

24. **National Administration and Coordination Assistant.** (National, 5-person months, full-time). The consultant will have at least 8 years' experience in administration and project coordination work with a relevant Bachelor's degree or higher in communications, accounting, management or related discipline. Also required are abilities to work effectively with government representatives both at national and provincial levels, development partners and other stakeholders, and to report effectively in strategic consultations and in written reports. The expert will be assigned to assist the team leader and other consultants and will work under the supervision of MAFF. Specific terms of reference include the following:

- (xi) Coordinate logistics and administration for stakeholder consultation workshops and other outreach activities.
- (xii) Prepare a summary of each consultation workshop and circulate to all relevant stakeholders for comments.
- (xiii) Organize other required meetings, consultations and field visits, including support for logistic requirements.
- (xiv) Maintain accurate administrative and financial records of the TA and liaise with ADB on financial disbursement and procurement issues.
- (xv) Support where needed the translation of documents and interpretation during the IP preparation process; and/or ensure that qualified translators are engaged and available for necessary meetings.
- (xvi) Undertake any other function directly related to the efficient preparation of IP as directed by the team leader, MAFF and MDB partners.

25. Outputs: The main output for the National Administration and Coordination Assistant are:

- (i) Workshops and meetings effectively organized and meeting reports issued.
- (ii) Financial administration of TA funded activities with required records, invoices and statements prepared and submitted following ADB requirements.

**Annex A
Indicative Workplan**

Activity	Responsibility	Tentative Deadline
Signing of Aide Memoire	RGC and ADB	December 2015
Request for IP Preparation Grant and MDB Country Programming Budget	ADB	January 2016
Recruitment of consultants	ADB	August-September 2016
First Joint Mission	FA/RGC, ADB and WB	October 3-7 2016
First draft of IP and Technical Mission (if necessary)	ADB Consultant team	November 2016
Review by the Government Ministries and key stakeholders and feedback	RGC	November 2016
Second draft of IP after incorporation of RGC comments	ADB	Early December 2016
Second Review by the Government Ministries and key stakeholders and feedback.	RGC	December 2016
Second Joint Mission	RGC, ADB and WB	December 2016
Pre-final draft IP	ADB Consultant team	January 2017
Independent technical review the IP and incorporation of comments	RGC and ADB	February 2017
Posting of Final version of IP on MAFF web site for 2 weeks for public comments	RGC	March 2017
Submission of IP to the CIF Administrative Unit for posting on the CIF website and review by the FIP Subcommittee	RGC	March 2017
Endorsement by the FIP Subcommittee	FIP Subcommittee	May 2017