

## **“Consultation Meeting on National REDD+ Fund”**

**Friday 10 January  
Himawari Hotel, Phnom Penh**

The consultation meeting was held on 10<sup>th</sup> January 2014 at Himawari Hotel. This work is funded by the UN-REDD National Programme as an integrated part of the REDD+ readiness work. The objective of the half day meeting is to present and discuss the finding from an assessment of existing fund mechanisms under Cambodia Law including international experiences with the aim to provide input to the discussion on the possible establishment of a National REDD+ Fund in Cambodia.

### **I. Opening Remarks**

Opening remark was given by H.E. Chea Sam Ang. He started by explaining the purposes of the meeting emphasizing that REDD+ aims to improve livelihood of forest dependent communities, to contribute to sustainable forest management activities, and to enhance forest carbon stock. The Forestry Administration is not the only stakeholder in this work. There are other relevant stakeholders such as other government agencies, development partners, local communities and local authorities. These stakeholders have put so much efforts into this work by contributing to works that focus on policy and legal framework relevant to not only REDD+ implementation but also other activities related to the forest sector. He thus encouraged that works on REDD+ readiness should be continued and strengthened. It is important to note that REDD+ is at a very interesting stage as Cambodia now have to decide on how to move forward and the works that we will have to do in the near future based on this decision.

His Excellency stressed that the overall objective is to ensure that forest is sustainably managed with measures to ensure transparency and accountability. He also pointed out that it is important to be cognizant of the various existing legal documents in Cambodia that would provide support for the implementation of REDD+ activities. There might be gaps in these legal documents in terms of its supports to the specific REDD+ aspects, for example the Cambodia National REDD+ Fund. But if such gaps exist, we should think about how we can complement or fill in those gaps before we propose something that is totally new. This has been the focus of the work that the international and national consultants have worked on in regards to potential options for establishing a National REDD+ Fund.

His Excellency strongly believes that this meeting will provide the opportunity for participants who are coming from various institutions to discuss more on the possibilities and options for this work that focus on the establishment of a REDD+ fund system. He then closed the opening remark by thanking all the participants who attended the consultation meeting. He encouraged all participants to take this meeting as the opportunity to discuss, comment, provide suggestions, and share lessons from their practical experiences that are relevant to the topics of the presentations.

### **II. Setting the context and introducing the activity Mr. KhunVathana, Head of the REDD+ Taskforce Secretariat**

Mr. Vathana gave the opening presentation to set the context and to introduce the activity of the consultation meeting. His presentation covered an overview of global deforestation and introduced a National REDD+ Strategy that takes into consideration existing policies and measures. He then explained the definition of performance based funding (performance based payment) under REDD+ mechanism. He stressed that there are a number of steps that a country like Cambodia has to do to be able to receive the performance based funding. He mentioned that although it will be until 2020 that countries would be able to receive funding from the UNFCCC, in the meantime there are other sources of funding that can support Cambodia to develop its National REDD+ Strategy.

### III. Presentation on Assessment of Mechanisms for REDD+ National Fund Ms. Gillian Duggin, International Consultant

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#### **Content**

- What is a National REDD+ Fund?
- Today's goal
- Methodology
- workshop outline
- International context
- Domestic Institutions for REDD+
- Domestic Policy and Activities (Roadmap, sector policies, Pilot Projects)
- Funds and the Cambodian Legal System
- Existing Sector Laws
- Operational Funds in Cambodia
- Commune/Sangkat Fund
- National Social Security Fund
- Cambodia Climate Change Alliance Trust Fund
- Useful Precedents from Existing Fundings
- International Experiences (Brazil: Amazon Fund, Guyana: REDD+ Investment Fund, Indonesia: Climate Change Trust Fund, and Mexico: Climate Change Fund)
- 4 Identified Potential Options for Cambodia
  1. Multi-Donor REDD+ Trust Fund,
  2. Government Administered National REDD+ Fund,
  3. REDD+ Sub-fund under National CC Fund, and
  4. Included REDD+ in Existing Sector Law Fund
- Guiding Factors
- Recommendations
- Next Steps

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#### **Discussions and Comments:**

- **KoenEvaert** (EU Commissions) – Thank you for the presentation. This is very interesting. My question is with regards to the different choices that you proposed, I am wondering if you have the opportunity to meet with different government institutions to understand what might be their priority, to understand the government's direction because this is very important and relevant for us to think about the extension of the Cambodian Climate Change Trust Fund. So my question is if there is any direction from the government on these options? Again my

question is have you had the chance to discuss with relevant government institutions on these options? Or is today meeting the opportunity to discuss these options with relevant ministries?

- **Ms. Gillian Duggin** (International consultant) – This is the meeting that kicks off the discussion on this topic with relevant government ministries.
- **Mr. ChhunDelux** (National consultant) –Work on sustainable forest financing is also taking place and we are in the process of designing the TOR and Concept Notes for work to support the different options for sustainable forest financing in Cambodia. We will make sure to consolidate the existing funding options to ensure no duplication of activities. Gillian and I will be meeting with the members of the sustainable forest financing to get their comments and inputs for this work.
- **His Excellency Thorn Sarat** (Forestry Administration)– Thank you for the presentation on these options for National REDD+ Fund. What I know is that each government agency has its own specific funding mechanism to implement activities for example the funding mechanism at the FA, the GDANCP, or the Commune/ Sangkat Fund. So my question is what should we do to mobilize and bring together these different existing fund mechanisms that would allow us to work on REDD+ activities?
- **Ms. Gillian Duggin** – Thank you for your question. I guess the main thing is that with all these existing funding mechanisms we can first understand the lessons and/or experiences managing these funds and then think about how they might be applicable for the National REDD+ Fund because as you mentioned currently there are different institutions that have responsibilities that are relevant to REDD+. So placing a REDD+ fund within just an institution may create a lot of difficulties for cross financing activities across different ministries. Thus, the best way to address that is to have a standalone separate institution that is independent. The whole purpose of this institution is to support REDD+ activities. Under this model, funding can be received from international sources, with potential contribution from the government and private sector. So the idea is to start a separate fund that is not directly under one of the existing line institutions to ensure that this fund has its independent and then it can make decisions about the funding – the second part of your question – in accordance with its own guiding policies and decision making criteria. So that would be directly linked to Cambodia policies and strategies on REDD.
- **Mr. Hiroshi Nakata** (Advisor to DG of FA) – thank you for this comprehensive presentation. I have three things that I'd like to comment on. First of all, the upfront payment/ finance in order to generate result to get result based payment. This should be considered because otherwise it would be very difficult to make REDD happen in Cambodia. My second comment is to do with the first option where REDD Fund is to be set up as a sub-account. Based on the experience of National Forest Programme, we may need to create a sub-account under the REDD Fund one of the reasons is that the modalities for financial institutions are different – some may accept upfront payment while some may not. So I think we may need set up REDD Fund as a sub-account or sub-fund of the Fund that is already established. Third, our experience from the efforts to establish the central cardamoms protected forest trust fund, there is a possibility that we may have to establish a national managed off shore fund. I'm not sure about the legal implications of this, but the reason for this is that we don't have a law that stipulates the rules for establishing trust fund. And the other thing is that the financial market here is small and so if

you a national banking institution, the interest rate is very high about 6% per annum. So I think a nationally managed, off shore fund may be considered in terms of interests.

- **Ms. Gillian Duggin** – I'd to respond on a few things. Your first point about needing up front financing is of course true particularly for establishing the fund and a lot of the institutional capacities and those kind of issues rather than moving to the result based greenhouse gas reductions. And I think this is how it is operated in Guyana where there are donors' contributions for those activities. About sub-account, I think at the level of detail that when the Fund is actually established through the law then we would come up with the operational processes and procedures. This is when decision on this issue will need to be made. In terms of off shore fund, I don't know of anything that is currently existing, but that's definitely something that is worth thinking about as a long terms option
  
- **His Excellency Cheam Pe A** (Ministry of Interior)– thank you Gillian for the presentation. I think the review done for the global level is great. I have two suggestions to add in terms of the national level. First, we should clearly identify the target location and size where REDD+ project will be implanted. Second, we should clearly identify the donors that will be supporting this work so that we can take into consideration conditions that might come from these donors when we are developing our strategies or plans. The main reason why I would like to stress on the importance of having to identify the exact locations where REDD project will be happen is because in each of these locations, there are already existing governance structures for finance and procurements etc that we need to take into consideration when we are trying to design a National REDD+ Fund. We need to understand these contexts so that we do not need to start to design the Fund from scratch as this will take a lot of time. We need to understand these contextual information so that we can build on what is already there.
  
- **Ms. Gillian Duggin** – Thank you for your comments – they are all very useful. In terms of your question, the focus of the UNFCCC wanting a national level fund is that they are only interested in just the greenhouse gas reduction at the national level with the idea that Cambodia would establish a reference level and then anywhere within Cambodia, in theory, could implement activities that would contribute to reduction of greenhouse gas. Based on the experience from Brazil, they have set up a national fund that is open to a whole range of stakeholders to apply for the funding from that national fund to undertake specific activities to reduce greenhouse gas emissions. This is within the idea that there is a national policy that guides the decisions on how the fund is to be disbursed to support specific greenhouse gas reduction activities. The idea is to make this national fund open to a whole range of activities as long as they meet the criteria of the national fund. In terms of your second question on identifying responsible institutions, this is a question that the government will need to resolve. Looking at the current legal framework in Cambodia that addresses REDD+ in a comprehensive way, fixing the gaps would really involve a number of institutions and that's why it's been difficult to go down that far, but at the same time, I would not suggest that you rush ahead for work on the REDD Fund because the broader framework does not exist yet so you do not want to create problems in the future by establishing a new law that would lock in arrangement that we might want to change later. And that's why I suggest the trust fund as a stepping stone because this is a multiple years project and within that timing we hope that things will become much clearer at the international level

- **Mr. Bun Racy** (Fishery Administration) – to add to the points that **His Excellency Cheam Pe A** raised, I think we should talk about an MRV system for this National REDD+ Fund to keep track of the annual income and the expenditure.
- **Mr. ChhunDelux** – I’d like to add to your answer to the questions from **His Excellency Cheam Pe A**. In regards to your question on the scale of REDD+ implementation, the Cambodian government will have decide whether REDD+ will be implemented at a project level, a sub-national level or a national level. Therefore the design of the REDD+ Fund will depend on the decision on the scale that REDD+ will be implemented according to the government decision. For example, if the government decides that REDD+ should be implemented at the national level, the national level REDD+ fund will be established accordingly. This is one of the topics that we will discuss at the next REDD+ Taskforce meeting.

#### **IV. Presentation on SNA Finance System**

**Mr. SokSothy, Deputy Director of Policy Analyses and Development Division**

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##### **Content**

Evolution of SNA finance System  
 Legal Background  
 SNA budget  
 SNA Revenue  
 National Transfer  
 Summary of SNA Budget

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#### **V. Presentation on Seima REDD+ Fund Management**

**Mr. ChhunDelux, Technical Officer REDD+ Taskforce Secretariat**

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##### **Content**

Project History  
 Project Participants  
 Key REDD+ Activities  
 Funding Sources  
 Proposed Fund Management for Seima (Reviewstatus)

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#### **VI. International Experience on National REDD+ Fund – Vietnam Country**

**Mr. Jeremy Broadhead, LEAF Senior forestry and Land Use Policy Advisor**

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##### **Content**

Background  
 What does a national REDD+ fund do?  
 What experience is there?  
 Fund structure  
 Governance and management  
 Eligibility for disbursement  
 MRV  
 Safeguards  
 Successful story  
 Key points for attracting donors and improving efficiency

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## VII. Panel Discussion

### Mr. Kimhy Lun, Program Coordinator REDD+ Taskforce Secretariat

After the three presentations, the floor was given to participants to ask questions to Mr. SokSothy, Mr. ChhunDelux, and Mr. Jeremy Braodhead.

#### Questions to the Panel

**Question 1: (Heng Hong, MoE)** – I have two questions for Mr. SokSothy. First of all, according to your presentation, we have more than 1600 communes, but why there commune meeting halls in some but none in others? My second question is about commune development activity. For example, commune A used their commune fund to construct a 5 kilometers road this year, but next year that road has to be reconstructed. The question then is why is that so?

**Question 2: (Kim Narong, WCS)** – I have two questions for Mr. ChhunDelux. Based on Mr. SokSothy presentation, my first question is in terms of management and distribution of Fund for Seima Protection Forest, will it follow the existing structure that Mr. SokSothy presented? My second question is in regards to the proposed equation that was presented where benefits will be distributed amongst stakeholders once expenses are covered. In particular, I would like to ask when the surplus from the project is going back to the national fund, how will this surplus fund be spent?

**Question 3: (Samnang, MoF)** – My question is for Jeremy. We have been talking and people have already asked about revenue, income and expenditure. So I would like to ask about our main source of income from REDD+. Based on your experience from Vietnam, is it possible to give an estimate of how much we can get from a hectare of land in terms of carbon credit (for example, USD10 per hectare of land)?

**Question 4: (Lao Sethaphal, FiA)** – My question is for Mr. ChhunDelux. In terms of the five guiding principles for the establishment and management of Seima REDD Fund, have we thought about whether the surplus from this fund should first be used for activities such as expansion of the protected area size or reforestation in the project area and maybe once these expenses are covered the remaining fund should then be distributed amongst stakeholders?

#### Answers from the Panel

**Mr. SokSothy** – In response to the question on why there are meeting halls for some communes and none for others, in general the government does not have its own budget for this activity – construction of commune meeting halls. As of now, budget for construction of commune meeting halls come from development partners – in particular the Asian Development Bank. In terms of the selection criteria, before any construction, the selected communes have to have clear identification of ownership and tenure on the plot of land, and the size of land where the commune meeting hall will be constructed is sufficient. Another deciding factor is that there is a need for a commune meeting hall which basically corresponds to the number of people within that commune. In terms of the second question on the need to reconstruct road in a particular area, the answer lies in the capacity of the commune council that oversees the construction and maintenance of that road. Throughout the process, there should also be an independent auditor that oversees the technical aspects of the project. And if we (the public) think that the technical auditor is not functioning accountably, we can raise our concerns. That is all from me, but I would also like to ask **His Excellency Cheam Pe A** if he has anything else that he would like to add.

**His Excellency Cheam Pe A** – There is not much that I would add to Mr. SokSothy’s answers. However, in terms of government’s budget to construct meeting halls for communes, the government has allocated fund for constructing 20 meeting halls per year. We have 1633 communes and so far the development partners have helped constructed about 500 commune meeting halls. Since the government only has the budget for 20 meeting halls per year and we have more than 1600 communes, it will take sometimes for each commune to have its own meeting hall.

**Mr. ChhunDelux** – so there are three questions that are asked in terms of my presentation. First of all, in terms of linking the proposed Seima REDD Fund with existing structures that **Mr. SokSothy** presented, the first thing to clarify is that this proposed fund would not be relevant for national level. The scale of operation for this proposed Seima REDD+ Fund is only at Seima project site. The governing board for this proposed Seima REDD+ Fund will involve stakeholders that have been involved in developing the project which will include the government, the development partners, and others. However, as of now, nothing is confirmed yet. The second question was on how the surplus fund from Seima REDD+ project will be transfer to the national fund. As of now, the channel for fund to go to the national fund is via the Ministry of Finance and/ or the National Treasury. However, if in the near future the government decides that a National REDD+ Fund will be established, surplus from Seima REDD+ project would be flowing through this National REDD+ Fund. That would be the first option. Another option would be that this surplus from Seima REDD+ project could flow through the National Forest Development Fund. The third and final question was on the activities that will be funded by the revenue from Seima REDD+ project. The first priority for activities that will be funded by revenue from Seima REDD+ project will be on those that focus on reducing deforestation and enhancement of forest carbon stock within the project area. The next activities will be aiming at reducing poverty in the project site through community development programs. However, the overall will be to ensure that forest is protected and forest carbon stock is enhanced within Seima project site.

**Mr. Jeremy Broadhead** – I hope I can answer your question. There are many factors that need to be considered in order to give an estimate of how much money we can get for a hectare of forest land, for example the price of the carbon on the market, how baseline reference level is set. In short, there are a lot of variables that need to be considered to answer your question.

At the end of the panel discussion, **Mr. Lun Kimhy** gave a short summary of the consultation meeting. He also reminded the participants that the first meeting of the four REDD+ technical teams will be held on January 20<sup>th</sup>, 2014 in Sihanouk Ville.

#### **Annexes**

1. Programme agenda
2. List of participants

Annex 1: Programme agenda

Time	Topic	Speaker/Presenter
08.00-08.30	Registration	
08.30-09.00	Opening Ceremony <ul style="list-style-type: none"> <li>• Announcement of Program</li> <li>• National Anthem</li> <li>• Opening speech</li> </ul>	H E Chea Sam Ang, Chair of the REDD+ Taskforce
09.00-09.20	Setting the context and introducing the activity	Mr. KhunVathana, Head of the REDD+ Taskforce Secretariat
09:20-09:50	Presentation on Assessment of Mechanisms for REDD+ National Fund	Ms. Gillian Duggin, International consultant
09:50-10:10	Q&A	
10:10-10:30	Coffee break	
10:30-10:45	Presentation by stakeholder – experiences with a national Fund <ul style="list-style-type: none"> <li>• Commune/Sangkat Fund</li> </ul>	Government official from Commune/Sangkat Fund
10:45-11:00	Presentation of work on project based Fund <ul style="list-style-type: none"> <li>• Seima pilot projects</li> </ul>	Mr. Chhun Delux, national consultant
11:00-11:15	Presentation by international speaker – international experience developing National REDD+ Fund <ul style="list-style-type: none"> <li>• Vietnam experiences</li> </ul>	Jeremy Broadhead, LEAF on VietNam experiences
11:15-12:00	Panel Q&A and Discussion; Recommendations/Outcomes	Mr. Kimhy Lun, Program Coordinator
12.00	Lunch	

## Annex 2

## List of Participants for Consultation Meeting on National REDD+ Fund

Venue and Date: Himwari Hotel, 10 Jan 2014

No	Name	Position
1	Sao Vari	Chief Office/Ministry of Land Management,
2	Gillian Duggin	Consultant UN-REDD+ Program
3	Pan Thida	Finance and Procurement Officer/Cambodia REDD+ Secretariat
4	So Thea	Deputy Chief of Forest and Wildlife Research Institute/FA
5	Nguon Pheakkdey	Cambodia REDD+/Cambodia REDD+ Secretariat
6	Yam Meng Sean	Deputy Director/ Ministry of Interior
7	Peter Iversen	Technical Specialist
8	Jeam Bay Are	
9	MormBuntharith	Deputy Chief Office/Ministry of Interior
10	Lao Sethaphal	Deputy Chief of Law Enforcement and Governance/FA
11	LunKimhy	Program Coordinator/Cambodia REDD+ Secretariat
12	You Chan Praseth	Deputy Chief of Conservation Department/ Fishery Administration
13	Ly Sothea	Official of Conservation Department/Fishery Administration
14	Put Savuth	Deputy Chief Office/ Ministry of Interior
15	Lim Bunna	Deputy Chief of Planning Office/Forestry Administration
16	KhunVatana	Chief of Cambodia REDD+ Secretariat
17	Julian Chevillara	Trust Fund Administrator/UNDP/CCCA
18	JermyBroadhead	Policy Adviser/LEAF Program
19	Heng Hong	Ministry of Environment
20	In Vithurith	Officer of Ministry of Ministry of Mine and Energy
21	PhanBunthoeun	Chief Office
22	Brao Arsenault	Environment Officer/USAID
23	Hour Limchhun	LEAF Country Coordinator
24	ChannSopheap	Chief office
25	Van Samnag	Deputy Director/Ministry of Economy and Finance
26	Heang Bora	Deputy Director/Ministry of Mine and Energy
27	VaMeoun	Executive Director
28	Moeko Santo-Jensen	Program Analyst/UNDP
29	Ouch Kemly	Youth Program Officer/UNDP
30	Koen Everaert	Attache/EU
31	Sang Sokunthy	Officer of MIME
32	Chorng Toc	Forestry Administration
33	ChesSopheap	Forestry Administration
34	Thorn Sarath	Forestry Administration
35	HouKalyan	RECOFTC
36	Uy Kamal	Ministry of Environment

37	Kim Narong	Wildlife Conservation Society
38	Sok Thy	Ministry of Economic and Finance
39	Bun Racy	Deputy Director of Fishery Administration
40	Mattiau R.	FAO
41	Chhun Delux	Forestry Administration
42	H.E Chea Sam Ang	Forestry Administration/National Program Director of the Cambodia REDD+ Program
43	LeouVorleak	Direct General/Ministry of Mine and Energy
44	Kim Nong	Deputy Director General/MOE
45	SokSotay	Deputy Director/ NCDD
46	DukSireivathana	Cambodia REDD+ Secretariat