

Minutes of the 14th Meeting

Technical Working Group on Forestry & Environment (TWG-F&E)

At the Forestry Administration's Meeting Room

11th September 2007

1. Welcome by Chairman

The meeting began with a welcome from the Chairman, H.E. Ty Sokhun, and a briefing of the agenda. He informed the member that Mr. Mogens Laumand Christensen Lead Facilitator ended his mission at the Royal Danish Embassy. Therefore, we have to elect a new Lead Facilitator among the members of development partners.

2. Election of co-chairman/lead facilitator representative of development partners

Election of the Lead Facilitator pending to next week due to absence of some representatives of DPs. Dr. Andrew, Mr. Hori and Mr. Peter Jipp will hold a meeting with all the members, representatives of AFD, Danida, EC, FAO, JICA, UNDP, USAID and WB to elect the Lead Facilitator. Chairman, H.E. Ty Sokhun instructed Development Partners to complete the electoral process before the next GDCC meeting scheduled on 8 October 2007.

3. Discussion on a draft progress report to 11th meeting of GDCC

Mr. Hori, CTA of CBFS, would like to add in the report achievements of the CBFS project contributing to the action plan of forestry sector.

The progress report will be added the information from MAFF on the Economic Land Concession in JMIs.

The progress report was approved after addition of the above information and will be sent to the GDCC as soon as possible.

4. Presentation on Carbon Credit

Mr. Mark Jackson, a Director of Carbon Conservation Pty Ltd and Managing Director of its subsidiary company The Carbon Pool Pty Ltd. presented on "Minding the Carbon Store in Queensland and Indonesia", describing projects in Reduced Greenhouse Gas Emissions from Deforestation and Forest Degradation in Queensland, Australia and in Indonesia.

The project in Queensland was successfully completed in 2006 and pilot projects in Aceh, Papua and Papua Barat in Indonesia are currently being developed by Carbon Conservation in partnership with Fauna and Flora International.

The project in Queensland avoided the deforestation of over 12,000 hectares of land, reduced greenhouse gas emissions by over 1.25 million tonnes CO₂e, and resulted in the sale of around one million tonnes of "carbon credits" to Rio Tinto Aluminium. Landowners with tree clearing permits issued by the Queensland Government were paid large sums of money not to exercise their clearing rights.

Mr Jackson described the legal, carbon accounting and risk management arrangements used in the Queensland project and compared these with those, which were likely to apply in the Indonesian projects. The arrangements in Queensland included contracts under Queensland Government legislation, which enabled landowners to sell the Carbon Rights to the areas protected and agree to the registration of a land and forest management plan on their land titles for a period of 120 years. The company also retained a "risk management buffer" of credits to manage the risk of fire, pests, disease etc impacting on the carbon stored in trees on the land. Carbon in the properties was also pooled to diversify the source of credits, also to enable better carbon risk management.

He said that similar arrangements were expected to apply for the projects in Indonesia, with "pooling" of many different forest areas and retention of a risk management buffer of credits across the pool. Under Indonesian law, governments can issue an "IUPJL" license to exploit environmental services

including carbon storage in respect of certain forest areas. Carbon Conservation will seek to gain such licenses for project areas in Indonesia and will also seek to have forest zonings changed from “production” and “conversion” forest to “protection” or “conservation” forest. This will depend on the active support of all levels of government.

In addition, carbon finance would enable better forest law enforcement and fund programs to create alternative sources of employment and wealth for local communities, who might otherwise undertake illegal logging and forest conversion.

Mr Jackson said that Carbon Conservation would seek to sell Verified Emission Reduction (VERs) on current voluntary markets for emission reductions, until credits from Avoided Deforestation become accepted on compliance markets such as those under the Kyoto Protocol. He observed that current proposals to make emission reductions from reduced forest clearing and degradation tradable were being taken seriously by the international community and discussed under the UNFCCC and Kyoto frameworks because the proposals were for accounting against national baselines for the Land Use Change and Forestry sector.

Having such a baseline for Cambodia would necessitate the development of an unambiguous time series analysis of change in forest cover and structure. He stressed that arrangements to manage the risk that protected carbon was later released to the atmosphere would be critical from the point of view of investors. Threats to the carbon in protected forest include natural risks such as fire, pests and disease, risk related to changed climate, and sovereign, legal and enforcement risk.

He said that Carbon Conservation favoured risk management arrangements where a significant proportion of the credit stream was reserved, but that this was then managed as a revolving fund with proceeds from sales of risk management credits being re-invested in activities to support sustainable development, which also yielded additional carbon credit streams. He said that these could include reforestation and community agroforestry, mini and micro hydroelectric projects, energy efficiency projects and biomass power generation.

He stressed that very significant funding was potentially available over decadal timeframes if avoided deforestation emission reductions become eligible in the compliance markets, and that prices for compliance credits are likely to rise over time. Realising the benefits of this cash flow would depend on a range of measures which were desirable in any case, such as forest protection, promotion of sustainable reforestation, implementation of sustainable forest management practices, improved law enforcement, strengthening of property rights and developing mechanisms to devolve benefit sharing to forest dwelling, forest dependent and local communities.

He said that Carbon Conservation was keen to work with the Government of Cambodia and its agencies, and civil society actors and foreign donors to achieve these outcomes, and thanked the Committee and H.E. Ty Sokhun for the opportunity of presenting.

5. Close of the Meeting

H.E. Ty Sokhun expressed his sincere appreciation to all members of TWG-F&E for their active participation and contributions in the successful meeting, and wishes them with the best and success and looks forward to continued contributions and participation in the next forum.

Participants

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| 1. H.E. Ty Sokhun | TWG-F&E Chairman |
| 2. Dr. Andrew Wardell | Counsellor-Development, Danida |
| 3. Mr. Hem Vanyuth | Deputy Director, Europe and EU Bilateral Aid Coordination, CDC/CRDB |
| 4. Ms. Tanaka Tomoko | Assistant Resident Representative, JICA |
| 5. Mr. Hori Masahiko | Chief Advisor, CBFS-II/JICA |
| 6. Mr. Tsuburaya Hiroyuki | Project Coordinator, CBFS-II/JICA |
| 7. Ms. Suon Pankanika | Deputy Office, MEF |
| 8. Mr. Phok Salorn | Office Chief, MIME |
| 9. Mr. Sin Sokhon | Deputy Director of Department, MLMUPC |
| 10. Mr. Sy Ramony | MoE |
| 11. Mr. Mark Gately | Director, WCS |

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| 12. Dr. Tom Evans | Technical Adviser NRM, WCS |
| 13. Mr. James Bampton | CTA, RECOFTC |
| 14. Mr. Chea Sam Ang | Deputy Director, FA |
| 15. Dr. Sokh Heng | NFP National Coordinator |
| 16. Mr. Meas Makara | Chief of WFLMO, FA |
| 17. Mr. Khon Saret | Chief of FMO, FA |
| 18. Mr. Nup Sothea | Deputy Chief of FEO, FA |
| 19. Mr. Loa Sethaphal | Deputy Chief of CFO |
| 20. Mr. Seng Bunra | Country Director, CI |
| 21. Mr. Hang Suntra | Chief of FITDO, FA |
| 22. Mr. Iwan Baskaro | Country Director, GERES Cambodia |
| 23. Mr. Ly Chou Beang | Chief of Siemreap Cantonment, FA |
| 24. Mr. Chheang Dany | Deputy Chief of WPO, FA |

TWG-F&E Secretariat

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| 25. Mr. Eang Savet | Inspector, STLFAI | Tel: 012 915372 | Email: savet2003@yahoo.com |
| 26. Mr. Sok Srun | Secretary of TWG-F&E | Tel: 012 940 936 | E-mail: twg.fe@citylink.com.kh |

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Ty Sokhun
TWG-F&E Chairman