

# **Technical Working Group – Forestry & Environment**

## **FINAL REPORT**

### **STRENGTHENING OF THE COORDINATION MECHANISM FOR ALL STAKEHOLDERS IN THE FOREST SECTOR FOR IMPLEMENTATION OF THE NATIONAL FORESTRY PROGRAMME**

**OCTOBER 2011**

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**ACRONYMS:**

ADB	Asian Development Bank
AFD	French Development Assistance
DAP	Department of Administration and Planning
DP	Development Partners
EU	European Union
FA	Forestry Administration
FAO	Food and Agriculture Organisation
FM	Financial Management
GEF	Global Environment Facility
JICA	Japan International Cooperation Agency
MAFF	Ministry of Agriculture, Fisheries and Forestry
MOE	Ministry of Environment
NFP	National Forest Programme
PBA	Programme Based Approach
PIU	Project Implementation Unit =: PMU: Project Management Unit
PME	Planning, Monitoring, Evaluation
RGC	Royal Government of Cambodia
TWG-FE	Technical Working Group Forestry & Environment
UNDP	United Nations Development Programme
WB	World Bank

## Executive Summary

The Technical Working Group on Forestry and Environment (TWG-FE) coordinates and facilitates external support and resources for the National Forestry Programme, a 20 years programmatic framework for the development of the forestry sector in Cambodia. The TWG-FE is lead and managed by the Ministry of Agriculture, Fishery and Forestry (MAFF), which has nominated the Director General of Forestry Department as the Chairman, while the donor community has nominated DANIDA as donor coordinator.

Members of the TWG-FE include government institutions (notably the Ministry of Agriculture, Forestry and Fisheries – Forest Administration (FA); and Ministry of Environment (MOE) – Department for Protected Areas); bilateral donor agencies (AFD, DANIDA, JICA, USAID) and multilateral institutions (ADB, EU, FAO, UNDP, WB). Representatives of other Government bodies, other donor agencies, civil society, and the private sector may at any time be invited as observers or guests. The TWG-FE is supported by a secretariat located in FA but not as an integral FA entity.

A National Forest Programme Task Force initiated its work on developing a National Forest Program 2010-2029. The NFP was officially approved by the Royal Government of Cambodia in October 2010. The NFP has been carefully aligned with the overarching national development plans and policies, including the Rectangular Strategy, the Cambodian Millennium Development Goals, and the National Strategic Development Plan 2009-2013. It is guided by the overall objective that ‘The forest resources provide optimum contribution to equitable macro-economic growth and poverty alleviation particularly in rural areas through conservation and sustainable forest management with active participation of all stakeholders.’

The NFP framework comprises 6 programmes with sub-programmes: Forest demarcation, classification and registration (with 2 sub-programmes); Conservation and development of forest resource and bio-diversity (with 9 sub-programmes); Forest law enforcement and governance (with 5 sub-programmes); Community Forestry (with 3 sub-programmes); Capacity development and research (with 3 sub-programmes); and Sustainable forest financing (with 5 sub-programmes). The 27 sub-programmes include a total of approximately 300 ‘activity areas’. The central level Forestry Administration is implementing agency for some 100 activity areas (in some cases together with another government agency and/or NGOs), while FA at sub-national level (in 5 FA containments) is designated implementing agency in around half of all activity areas. (I)NGOs are responsible for implementation of 30-40 activity areas, at times sharing the role as implementing agency with FA. The 2011 budget amounts to US\$ 20.5 million with RGC funding amounting to 5% and approximately 95% funding from 27 multi- and bilateral donor agencies and NGOs.

The National Forest Programme is the strategic result of a Programme Based Approach (PBA). At the same time it constitutes the foundation for an operational framework for coordination amongst RGC (FA), Development Partners, and participating civil society organisations. Coordination becomes the key concept: Increased and strong coordination will facilitate a coherent programming and thus develop the PBA; and the coordination requirements will increase proportionally with increased programming in a further developed PBA.

The PBA concept is open to interpretation and adaptation to match the context. In Cambodia, it is stressed that there is no PBA blueprint but many ways to design and utilize the PBA tool with the view of strengthening local ownership, ensure alignment with national policies and priorities, and optimise the use of the resources available for development. The definition of PBA – as agreed by RGC and its Development Partners – is a ‘way to work together in a coordinated partnership under Government's leadership to achieve results in an efficient and sustainable manner.’

PBA is often associated with particular funding modalities, i.e. pooling of funds (basket funding), sector budget support, and general budget support. In the Cambodian context, however, it is emphasised that ‘The PBA itself is not a financing instrument; it is a process to ensure national ownership of a policy-driven approach to achieving a developmental objective. The PBA is not synonymous with pooled funds or budget support and does not exclude projects. All partners and all modalities – domestic resources, project aid, technical assistance, investment funds, pooled funds and budget support - should therefore ensure that their support is within the policy framework and work plan/budget’.

External assistance in the forestry sector is exclusively taking place through parallel project arrangements but there are ongoing discussions on the opportunities and constraints related to moving towards implementation arrangements based on basket funding complemented by project support<sup>1</sup>.

The role of the TWG-FE – through the TWG-FE Secretariat – is to collect and compile all the pertinent information in order to work out a consolidated annual work plan and budget. There is, on paper, full agreement between FA and Development Partners to pursue and further develop the PBA. It is, however, less clear what this means in reality. In the short term PBA will be based on project modalities but some Development Partners (AFD, DANIDA, and EU) appear in principle open to basket funding in due course, given assurance of adequate and proper management arrangements.

The Forestry Administration at the central level (Headquarters) is headed by a Director General and four Deputy Director Generals who oversee seven departments:

- Department of Administration, Planning and Finance
- Department of Forest and Community Forestry
- Department of Wildlife and Biodiversity
- Department of Plantation Forest and Private Forest Development
- Department of Legislation and Law Enforcement
- Department of Forest Industry and International Cooperation
- Institute of Research and Development

Each department comprises 4-5 offices. Overall coordination issues, planning, monitoring and evaluation, and general programme and financial management would seem to be best placed in the Department of Administration (DAP) with its 5 offices: (i) Administration and General Service; (ii) Human Resources; (iii) Extension and Public Communication; (iv) Accounting, Financing and State Properties; and (v) Planning, Statistics and Total Office.

However, the M&E office is currently located in the Department of Legislation and Law Enforcement so close linkages would need to be made to this office in order to ensure a coherent PME and overall programme management structure. The Office for International Cooperation is part of the Department for Forest Industry and International Cooperation. It is assumed that the functions of this office are closely related to the current function of the TWG-FE Secretariat. Thus, a restructuring based on full integration of the TWG-Secretariat into the Forest Administration would have to consider how to best link the functions of the Secretariat with the functions of DAP, the M&E office, and the Office for International Cooperation.

Country systems are in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action defined as national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks, monitoring, evaluation, and social and environmental assessments. In this paper the elements of planning and monitoring, financial management and

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<sup>1</sup> DANIDA support is actually not earmarked but is eventually distributed to a large number of activity areas.

procurement are in focus as they relate to the PBA concept as well as to funding modalities and managements of funds.

A 2010 study on National Structures and Systems for Aid Implementation in Cambodia concludes that the use of country systems has been very low. It notes that the approach has been 'piecemeal' and that there has been resistance to change on the part of RGC as well as amongst Development Partners. It also notes, however, that PBAs represent a possible response to organise aid delivery so that it increases and strengthens the use of country systems. It further suggests that the predominant use of Project Implementation Units (PIU) could be replaced by a single RGC-led PIU at the programme or sector level.

These observations are relevant in the current situation with the possibility of integrating the TWG-FE Secretariat into the FA or, alternatively, transfer some of the current secretariat functions to the Department of Administration and Planning in FA. This would also facilitate that DANIDA funding be managed by FA in preference to the Secretariat. At the same time FA financial management of two new projects is under consideration, i.e. a UNDP/GEF supported project, 'Strengthening Sustainable Forest Management 2011-2015' and the 'EU Trade Development and Forest Governance Facility'.

A recent UNDP commissioned capacity assessment of FA's financial management and control systems concluded that 'The organisational structure of FA is appropriate for the work to be carried out under UN cooperation if the prevalent internal controls are maintained and initiatives for the capacity building of the staffs are undertaken.' It is also stated, however, that FA up to now has not managed donor funds and therefore lacks experience<sup>2</sup>. Another FM capacity assessment will shortly be undertaken on behalf of EU; and a major TWG commissioned capacity building needs assessment is currently carried out and is scheduled to be completed by the end of 2011. Finally, a consultancy on the development of a monitoring and evaluation system for FA was completed recently. It produced a report with a 'step-by-step plan for development and operationalisation of M&E' and partial M&E guidelines. These assessments will provide crucial information on FA's capacity to manage externally funded projects and programmes.

Based on the review findings summarised above it is suggested to consider a few options for change in order to strengthen the coordination, promote the PBA and enhance FA ownership.

TWG Coordination: It is suggested to revisit the TWG-FE Terms of Reference as a teambuilding exercise to elucidate the key tasks and the role of the different members with a view to developing a strategy and an action plan for the TWG work. In this process it should also be clarified how the members position themselves vis-à-vis the PBA and increased FA ownership. On this basis it is recommended to develop joint declaration (a statement of intent) on policy positions and commitments, and key issues should in turn be reflected in the annual TWG-FE action plans. Any revision of TOR must, of course, be aligned to the overall Council for the Development of Cambodia (CDC) guidelines.

Should it be decided to keep the TWG-Secretariat as a separate entity outside the FA structure, then it should be considered how FA, and possibly MOE, senior staff can contribute as originally envisaged in the Terms of Reference for the Secretariat. In addition, it should be considered how existing TA in FA could add value to the Secretariat's work, notably in terms of programme planning and in linking with the pertinent offices in FA.

Enhanced FA ownership: The Programme Based Approach provides a good opportunity to promote FA ownership by using FA structures and systems in the general programme management, including PME, and in financial management and procurement. If decisions are made that FA shall

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<sup>2</sup> It would be more accurate to state that FA has limited experience in managing external funds.

be trusted with the financial management of external funds provided by some donors, then this would be another important step in support of enhanced FA ownership. It follows that the programme management functions that are undertaken by the TWG Secretariat at present should also be placed with FA and linked to financial management.

FA Structure: Several options readily present themselves.

**Option 1:** The TWG-FE Secretariat is maintained as an interface body and part and parcel of TWG-FE. Secretariat functions are in support of TWG-FE but do not include general NFP management functions, which must be undertaken within the FA structure. Pros: This option is simple and will ease the workload in the Secretariat. Cons: If this change takes place before coherence between PME and financial management is ensured in FA there is a great risk that the work in the TWG-FE will be hampered.

**Option 2:** All general programme management functions (PME) are handled by the Planning Office in the Department of Administration and Planning (DAP); and arrangements are made to ensure very close linkages between the Planning Office and the Financial Management Office in the same department. The Secretariat, the M&E Office and the International Cooperation Office are integrated into the Planning Office. Pros: A coherent general NFP management structure linked to the TWG-FE provides optimal conditions for internal coordination and coordination with Development Partners in pursuance of NFP development. Cons: This option requires significant structural adjustments in FA, and DAP may emerge as a too heavy office.

**Option 3:** Identical to option 2 but with the Planning Office established as a separate department with for instance 4 offices, e.g. (i) NFP policy and development; (ii) PME; (iii) TWG-Secretariat; and (iv) Other International Relations. Pros: This 'coordination superstructure' will have a high status and, thus, weight; and it will as mentioned in option 2 provide optimal conditions for internal coordination and coordination with Development Partners in pursuance of NFP development. Cons: The linkage to Financial Management may be weakened. Significant structural changes are required.

Structural change will in itself not facilitate strengthened coordination and increased ownership. This can only happen to the extent that the critical functions can be properly performed, and this will require the development and introduction of pertinent systems, notably PME and FM systems, and the ability to use such systems. In this connection it is noted that Financial Management and Procurement Guidelines for externally financed projects and programmes are actually available and have been adopted by the Ministry of Finance. Furthermore, a training program based on these systems has been set up in FA supported by ADB.

The Council for Development of Cambodia offers 'PBA clinics' to promote the understanding of the concept and to support PBA initiatives. The TWG-FE and FA could benefit from making use of this opportunity.

The Way Forward: It is an overall conclusion that the TWG-FE works very well and that any need to strengthen the coordination mechanisms must be related to increased FA ownership, which can find expression in the development of PBA (including funding modalities), financial management of external funds, and strengthened PME capacity. The way forward will necessitate a general strategy covering these issues; and commitment from all TWG-FE actors to support such a strategy.

Decisions must be made by FA on the need for structural adjustments at headquarter level; and plans for systems development and skills upgrading must be elaborated. Finally, of course, tangible support for all the necessary initiatives must be provided so that implementation can be carried out.

As a first step in the envisaged change process it is proposed to organize and hold a TWG-FE workshop/seminar with a view to develop (i) a strategic plan for the development of NFP and strengthened FA ownership; (ii) a Statement of Intent in which the TWG-FE actors express their commitments to support the strategic plan; and (iii) a TWG-FE action plan for 2012.

It is, finally, suggested that a CDC PBA Clinic for FA should precede the workshop.

## 1. INTRODUCTION

The Technical Working Group on Forestry and Environment (TWG-FE) coordinates and facilitates external support and resources for the National Forestry Programme, a 20 years programmatic framework for the development of the forestry sector in Cambodia. The TWG-FE is lead and managed by the Ministry of Agriculture, Fishery and Forestry (MAFF), which has nominated the Director General of Forestry Department as the Chairman, while the donor community has nominated DANIDA as donor coordinator.

Members of the TWG-FE include government institutions (notably the Ministry of Agriculture, Forestry and Fisheries – Forest Administration (FA); and Ministry of Environment (MoE) – Department for Protected Areas); bilateral donor agencies (AfD, DANIDA, JICA, USAid) and multilateral institutions (ADB, EU, FAO, UNDP, WB). Representatives of other Government bodies, other donor agencies, civil society, and the private sector may at any time be invited as observers or guests. The TWG-FE is supported by a secretariat located in FA but not as an integral FA entity. Thus, the TWG-FE and its secretariat must *“take care not to replace genuine line department or ministry tasks. The planning of targets, identification of priority areas and definition of indicators as well as the actual implementation and monitoring is basically a Government responsibility supported as a joint measure by donors.”*<sup>3</sup>

Following the Royal Government of Cambodia’s (RGC) decision to adopt a Programme Based Approach (PBA) with maximum use of country systems in all donor supported development interventions in line with the national priorities, the FA called in May 2011 upon the Development Partners (DP) to discuss and find ways to enhance the coordination efforts vis-à-vis the promotion of PBA.

The TWG-FE subsequently agreed (1) that *“there is a need to form a coordination body within the FA to enhance the coordination between the TWG-FE Secretariat, Department of Administration, Planning and Finance (DAP) within FA, and M&E Unit/Office of FA; (2) Funding modalities should acknowledge the national structures in building and strengthening the ownership, leadership and responsibility of the FA. There should be a focus on the integration of existing funding flows through the TWG-FE Secretariat; and (3) There was agreement to have an urgent study undertaken on how best to form a coordination body for the FA.”*

The study was initiated, guided by the following objective: *“to strengthen the Coordination Mechanism within the forestry sector (linking the TWG-FE Secretariat, DAP, and the M&E Office/Unit of the FA) to coordinate with key stakeholders and to assess possible funding support modalities (under the PBA concept and use of the country system) for the implementation of the NFP.”* Terms of Reference are appended as Annex 1.

The study was carried out in September 2011 by International Consultant Peter Marinus Jensen and National Consultant Chin Vanny, cf. the itinerary in Annex 2 . The Terms of Reference were discussed and elaborated at an initial meeting with TWG-FE, where also related key issues were brought up. In response, the Study Team prepared a slides presentation, outlining the Team’s understanding of TOR; suggesting focus areas of the study; and presenting the approaches. In turn, these issues were documented in an Inception Note, which was submitted to the TWG-FE. The methodology applied included perusal of pertinent policy documents, reports, manuals and guidelines; and consultations and semi-

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<sup>3</sup> TOR for Joint Technical Working Group on Forestry and Environment (TWG-FE)

structured interviews with stakeholders. A list of documents appears as Annex 3 and the list of persons met is appended as Annex 4.

This report is structured with a view to place the overall coordination issues in relation to the sector context, existing coordination mechanisms, and current development cooperation discourse: Chapter 2 contains an outline of the National Forest Programme; an overview of the PBA approach in the Cambodian context; and considerations on how this may affect coordination and funding modalities. Chapter 3 includes a general introduction to the TWG-FE and an assessment of its performance; and it presents the role of the TWG FE Secretariat and how this body relates to FA structures. The FA structures and key national systems for planning, financial management and procurement are presented in chapter 4. Finally, options to consider in relation to ‘strengthening of the coordination mechanism for all stakeholders in the forest sector for implementation of the national forestry programme’ are listed in chapter 5.

The Study Team wishes to thank the management and staff of the Forest Administration, the TWG-FE members, the TWE-FE Secretariat as well as all other persons met for their valuable contributions and assistance, which highly facilitated the work. This report expresses the Study Team’s assessments and views, which are not necessarily shared by any of the parties consulted.

## **2. NATIONAL FORESTRY PROGRAMME**

### **2.1 Programme Profile**

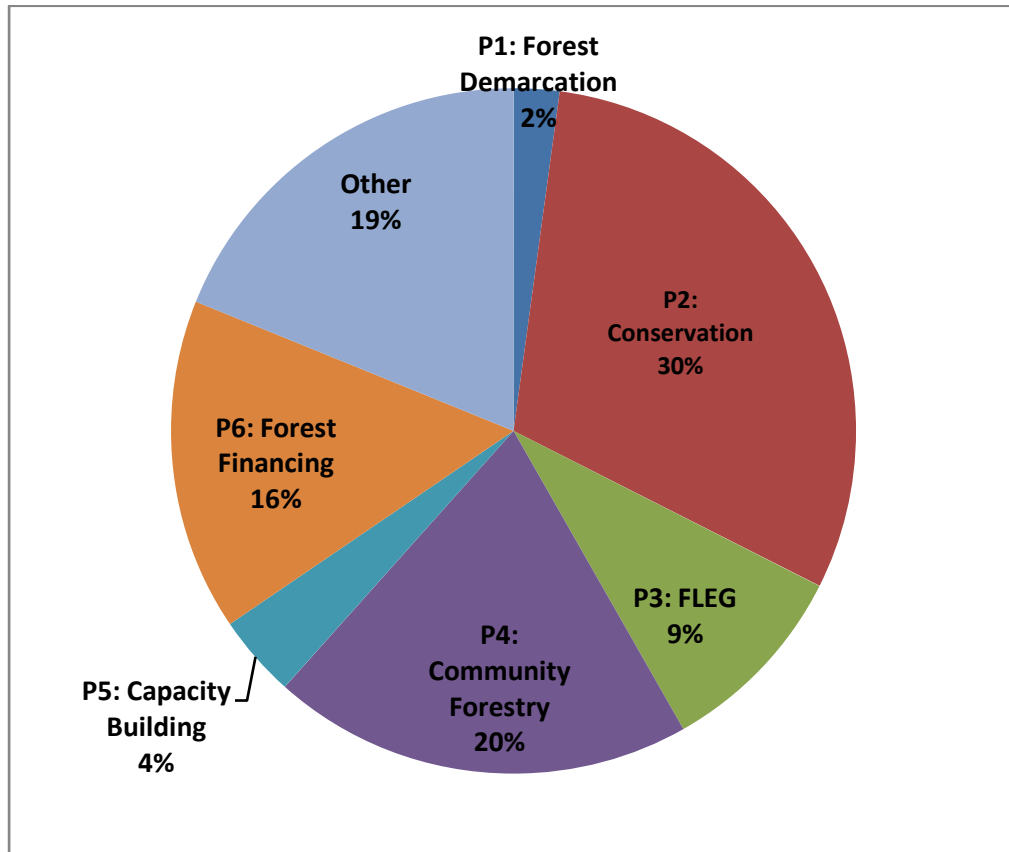
Using the 2002 Statement of the Royal Government on National Forestry Policy, the 2002 Forestry Law, the Independent Forest Sector Review of 2004, and the 2004 establishment of the Technical Working Group on Forestry and Environment as points of departure, a National Forest Programme Task Force initiated its work in 2007. The 2010-2029 NFP was officially approved by the RGC in October 2010.

The NFP has been carefully aligned with the overarching national development plans and policies, including the Rectangular Strategy, the Cambodian Millennium Development Goals, and the National Strategic Development Plan 2009-2013. It is guided by the overall objective that ‘The forest resources provide optimum contribution to equitable macro-economic growth and poverty alleviation particularly in rural areas through conservation and sustainable forest management with active participation of all stakeholders.’ This objective is, in turn, supported by 9 strategic objectives related to:

- Improved livelihoods, employment and economy
- Climate change
- Landscape planning
- Forest Governance
- Conflict Management
- Capacity Development
- Environmental protection and conservation of forest resources
- Forest management regimes
- Sustainable financing

The strategic framework translates into an operational framework comprising 6 programmes with sub-programmes:

- 1) Forest demarcation, classification and registration (with 2 sub-programmes)
- 2) Conservation and development of forest resource and bio-diversity (with 9 sub-programmes)
- 3) Forest law enforcement and governance (with 5 sub-programmes)
- 4) Community Forestry (with 3 sub-programmes)
- 5) Capacity development and research (with 3 sub-programmes)
- 6) Sustainable forest financing (with 5 sub-programmes)



Thus, the programmes include a total of 27 sub-programmes, which between them encompass some 300 ‘activity areas’ - corresponding to an equal number of main budget lines. The central level Forestry Administration is implementing agency for some 100 activity areas (in some cases together with another government agency and/or NGOs), while FA at sub-national level (in 5 FA containments) is designated implementing agency in around half of all activity areas. (I)NGOs are responsible for implementation of 30-40 activity areas, at times sharing the role as implementing agency with FA. NGO supported activities in 12 of the 17 FA cantonments are not included in this overview as the pertinent information is not available and, thus, not included in the annual work plan and budget.

The original budget for 2011 amounted to US\$ 20.5 million with RGC funding amounting to 5% and approximately 90% funding from 27 other sources (multi- and bilateral donor agencies, and (I)NGOs). The balance of some 5% was yet to be identified and committed, relating to 20% of all the activity areas. Distribution of the 2011 budget between the programmes within the overall NFP is shown in the figure above.

## 2.2 Programme Based Approach

The commitment to providing two-thirds of aid in the form of programme-based approaches (PBAs) is one of the most radical pledges in the Paris Declaration, and

also one of the most controversial. PBAs entail a shift away from stand-alone projects, towards contributing to the development and implementation of a coherent, country-led programme of activities across a particular sector or area. Amid extensive disagreement over the definition, progress on this commitment has so far proved slow.

Traditionally, most aid has been delivered in the form of 'projects' – that is, discrete investments channelled through dedicated management structures, designed to bypass weak country systems and capacity constraints. Projects offer donors greater certainty that their funds will be used for the intended purposes. However, this comes at the expense of a missed opportunity to help the partner country build up the policies, institutions and capacity needed to achieve the intended development results on a sustainable basis.

*(Aid Effectiveness Portal)*

The National Forest Programme is the strategic result of a Programme Based Approach (PBA). At the same time it constitutes the foundation for an operational framework for coordination amongst RGC (FA), Development Partners, and participating civil society organisations.

Coordination becomes the key concept: Increased and strong coordination will facilitate a coherent programming and thus develop the PBA; and the coordination requirements will increase proportionally with increased programming in a further developed PBA.

The PBA concept is open to interpretation and adaptation to match the context.

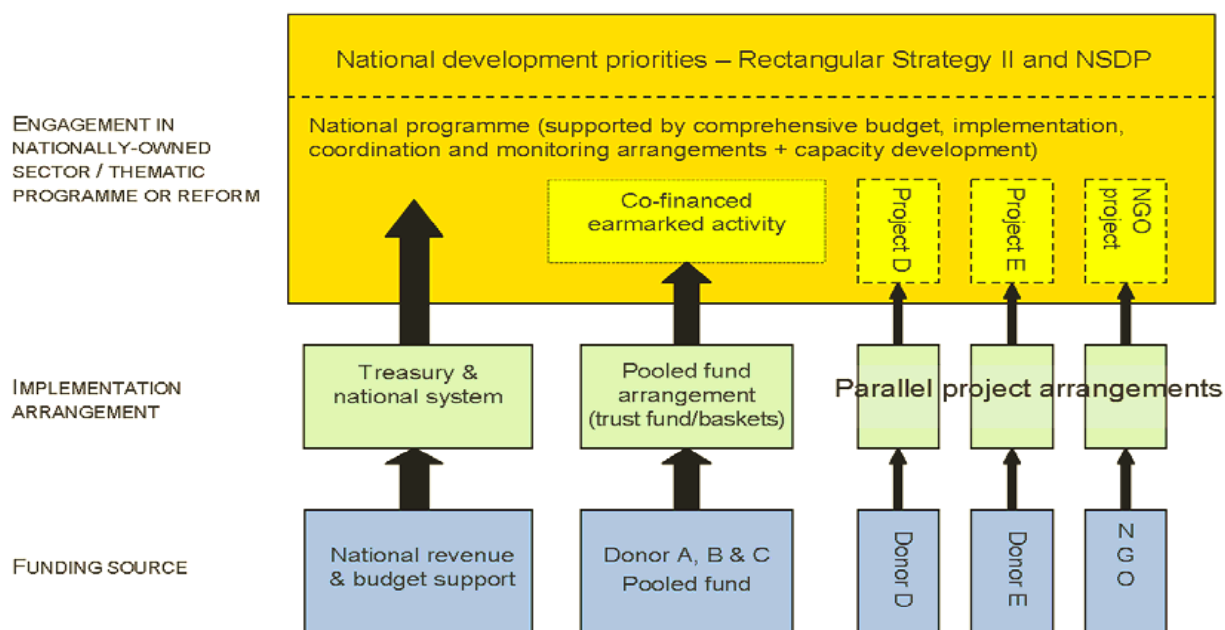
In Cambodia, it is stressed that there is no PBA blueprint but many ways to design and utilize the PBA tool with the view of strengthening local ownership, ensure alignment with national policies and priorities, and optimise the use of the resources available for development.

The definition of PBA – as agreed by RGC and its Development Partners – is a 'way to work together in a coordinated partnership under Government's leadership to achieve results in an efficient and sustainable manner.' It is also stated as an effort by RGC to lead a sector, a thematic issue, or a reform programme in a coordinated way to achieve results in an efficient and sustainable manner.

Programme-based approaches (PBAs) are the Royal Government of Cambodia's (RGC) preferred tool for implementing sector strategies and core reforms. PBAs are regarded as a mechanism to promote national ownership of development programmes, ensure coherent programming of resources, strengthen national capacities and systems, and, most important, to deliver development results. At the third CDCF meeting in June 2010, RGC and its development partners endorsed the PBA approach and agreed to move forward with their development in order to maximise the combined impact of domestic resources and external development assistance.

*(Supporting results-based programmatic approaches in Cambodia – endorsed by GDDC October 2010)*

PBA is often associated with particular funding modalities, i.e. pooling of funds (basket funding), sector budget support, and general budget support. In the Cambodian context, however, it is emphasised that 'The PBA itself is not a financing instrument; it is a process to ensure national ownership of a policy-driven approach to achieving a developmental objective. The PBA is not synonymous with pooled funds or budget support and does not exclude projects. All partners and all modalities – domestic resources, project aid, technical assistance, investment funds, pooled funds and budget support - should therefore ensure that their support is within the policy framework and work plan/budget'.



Thus, at this point in time coordination of the different interventions and activities – programming – within NFP is in focus irrespective of the applied modalities. At the same time, however, the funding modalities will eventually have to be discussed in the light of increased harmonisation, improved coordination and efficient programme management with reduced transaction costs.

External assistance in the forestry sector is at present exclusively taking place through parallel project arrangements but there are ongoing discussions on the opportunities and constraints related to moving towards implementation arrangements based on basket funding complemented by project support<sup>4</sup>. Such a trend can, for instance, be seen in the health sector and in the education sector. Budget support is not on the TWG-FE agenda at present and would appear to be a long way off while there may be a window of opportunity to gradually move towards some kind of pooled funding arrangements.

There are, however, currently no planning systems in place to link the strategic framework – the NFP – with the annual work plan and budget.

The NFP is a new framework and comprises existing projects and activities, i.e. the somewhat 300 activity areas mentioned in section 2.1 with a great variety in the Development Partners engagements in terms of scope and coverage. Some DPs support selected activities through NGOs; and NGOs also implement activities based on sources coming from outside the immediate DPs. Finally, there are a number of smaller projects supported and undertaken by a variety of institutions (e.g. universities) and private sector actors.

Thus, the NFP is at the planning and implementation level quite a supply-driven patchwork, taxing the overall programme general and financial management, and the planning, monitoring and reporting capacity. It seems safe to assume that transaction costs are fairly high.

<sup>4</sup> DANIDA support is actually not earmarked but is eventually distributed to a large number of activity areas.

At the same time, the NFP delineates the prioritized areas for intervention and is as such the foundation for a planning that gradually can shift from being supply driven (pre NFP identified and designed interventions) to demand driven (identified and designed in accordance with NFP strategies and priorities). This will require the development and introduction of programme planning systems facilitating demand based projects and clusters of projects, components and sub-programmes etcetera. This, in turn, will also be the prerequisite for the development of a meaningful monitoring and evaluation system.

The current projects are planned and supervised by the Development Partners (through PIUs) and NGOs. The role of the TWG-FE – through the Secretariat – is to collect and compile all the pertinent information in order to work out a consolidated annual work plan and budget – hence the patchwork. Given changes in the project budgets, funding and implementation delays, and unforeseen short term funding of some NGO projects, the annual work plan and the related budget are frequently subject to change.

There is, on paper, full agreement between FA and Development Partners to pursue and further develop the PBA. It is, however, less clear what this means in reality. In the short term PBA will be based on project modalities but some Development Partners (AFD, DANIDA, and EU) appear in principle open to basket funding in due course, given assurance of adequate and proper management arrangements. With DANIDA's discontinuation of development assistance to Cambodia by the end of 2012, however, pooling may not be a reality in a foreseeable future as other DPs (ADB, JICA, and UNDP) are more sceptical

Participating NGOs back the PBA – understood as strengthened and consolidated programming – but opportunities and constraints in terms of their possible participation in pooling arrangements have not been addressed. NGOs manage the funds for their projects and this can only change if DPs were to channel funds to FA, which in turn would contract NGOs to implement the projects. This approach may be introduced through the UNDP/GEF funded Sustainable Forest Management Project, cf. Section 4.2 on Country Systems. It serves to emphasise the FA ownership but also turns NGOs into contractors, which may not always be acceptable to them.

Thus, the issue of funding modalities can, in principle, be separated from management of funds, which touches upon the use – or not – of country systems and, in that way implicitly, the issue of national/local ownership.

In conclusion, the PBA concept in Cambodia is so open that all modalities can be accommodated. The NFP constitutes the programme framework, which is filled by a large number of projects and activities supported by DPs, NGOs and others. This approach is acceptable to all participants in TWG-FE and there are no indications that the parallel project arrangements will be replaced by other modalities in the near future. On the other hand, it seems possible that FA will be given the financial management responsibility for interventions that are currently in the pipeline and will be implemented from late 2011 or early 2012.

If this is materializing it could well contribute to enhanced considerations on new funding modalities, and it would be an important task for the TWG-FE to bring about clarity not only on the DP's position in this connection but also on the FA/MAFF's position on basket funding and, in the long term, on sector budget support.

### **3. TECHNICAL WORKING GROUP – FORESTRY & ENVIRONMENT**

#### **3.1 TWG-FE Background and Performance**

The Technical Working Group on Forestry and Environment is guided by Terms of Reference adopted in February 2005. The overall objective is to support and strengthen forestry and environmental development so as to contribute to economic growth, food security, increased employment and poverty reduction by jointly;

- Prepare strategies and policies for the sector and on this basis develop an action plan
- plan and identify priorities and modalities to support the implementation of the action plan
- Mobilize resources needed for the implementation
- Monitor progress and risks against the targets and benchmarks that have been set out
- Promote the efficient use of scarce resources through coordination and effective prioritization
- Share information amongst Ministries and Donors
- Identify strategic approaches for sector-wide development
- Agree on annual work plans

Members include Government Ministries/entities, Development Partners (pertinent multilateral and bilateral donor agencies), key NGOs, and Cambodia Timber Industry Association from the private sector. Associate members (Technical Advisers, NGOs and other resource persons) participate on ad-hoc basis. The TWGT-FE is lead by the Ministry of Agriculture, Fishery and Forestry with the Director General of FA nominated as Chair person. The Development Partners have nominated DANIDA as DP Coordinator. A list of TWG-FE members is appended as Annex 5. Meetings are held 4-5 times a year.

Most of the TWG-members interviewed rated the TWG performance very favourably with an average rating of slightly below 4 on a scale of 5 (excellent) - 1 (poor) but with the NGO members being more critical, suggesting a rating around 3.

Meetings are generally well prepared and policy and general coordination issues are increasingly prioritized in preference to detailed administrative matters. Participation in the meetings is good and follow-up is all in all rated favourably.

The development of the NFP is highlighted as the most important outcome, providing the platform for coherent programming through roll-over plans and annual work plans. In the current situation, however, planning systems linking the NFP with the annual work plan and budget are not in place, and the annual work plan is a composite of all the externally financed projects – planned by DPs and NGOs but with due NFP alignment.

General information sharing is also mentioned by most as very valuable although more and better involvement of NGOs was mentioned as a critical issue by several interviewees. There were a few complaints about not getting all the relevant information from other members, and the non-participation of the Ministry of Environment was mentioned as a general problem in all interviews and meetings.

It is an overall conclusion that the TWG-FE is working well and is the key mechanism to promote coordination of the support vis-à-vis the NFP and related areas and issues. An 80% success story, however, still leaves a 20% room for improvement.

As a first step it would be prudent to revisit the Terms of Reference, to adjust and update continuously as required by changes in priorities and modes of cooperation. This would, of course, have to be in alignment with the general guidelines on TOR provided by the Council for Development of Cambodia, CDC. This exercise could also be seen as a team-building to promote a common sense of direction and prioritisation in the TWG-FE deliberations. This could, in turn, serve as an instrument to clarify policy positions and commitments, which could be spelled out in a joint declaration (MOU) – not legally binding but providing joint strategic pointers and common agreements on focus, priorities, time perspectives etcetera. Such a joint declaration would also serve as the platform for developing a consolidated TWG-FE action plan, which is actually a requirement as per the existing TOR. It is suggested to ensure that NFP be the focus point for the time being without losing sight of other pertinent themes and issues, and that PBA is pursued as part and parcel of this focus.

A review of TOR should, furthermore, result in clarification of who are core TWG members and what it means to be an associate member. There is at present some confusion about these issues, which may hamper participation and information sharing.

The lack of Ministry of Environment participation in the TWG-FE is regrettable but ongoing discussions on participation in the sub-group on Economic Land Concessions and the REDD framework and agreement between FA and GDANCP may provide opportunities to improve the situation. It is noted that the official name of the TWG-FE in Khmer – directly translated – is TWG on Forestry Reform. Several developments (increased focus on energy, climate change, brown issues, and etcetera) may in due course give reason to re-consider the appropriateness of having the combined FE TWG. For the time being, however, continued efforts must be made to ensure MOE involvement in particularly important issues, e.g. protected areas in relation to the NFP. The contributions in the mentioned ELC sub-group indicate that this should be a manageable task.

## 3.2 TWG-FE Secretariat

According to the Terms of Reference for the TWG-FE Secretariat it has 11 key functions:

1. Assist the Chairman of the TWG in his high-level policy dialogues and in providing a policy platform for coordinating donor efforts with Government plans.
2. Assist and advise in developing Governmental Action Plans and Benchmarks for the coming years
3. Assist in translating high-level policy goals into sector-related actions
4. Assist in identifying sector wide priorities, harmonizing activities, improving the utilization and mobilization of resources and support efforts to strengthen the sector's capacity to contribute to economic growth and to include the poor in this process.
5. Appraise the sector progress against set criteria, to which the government and donors have committed during the Consultative Group meeting in previous years including any outstanding issues.
6. Promote and make the TWG aware to which extend the TWGs tasks, actions, targets and principles and respective policy documents, reflects the broad range of sector concerns.
7. Assist and advise in developing Governmental Bench Marks for the longer plans
8. The Secretariat will assist in facilitating Donor – NGO - Government plan alignments

9. Liase with other TWG's SECRETARIATs for lessons learned and exchange of experiences in policy development
10. Providing a mechanism for Government-donor coordination in the Forestry and Environment sectors.
11. Organise TWG meetings, all inclusive.

The Secretariat is located in FA but it is not a formal FA entity and a part of the FA structure.

The Secretariat was originally planned to be staffed by 2 part time Senior Officers from FA and MOE, respectively; 2 part time Technical Advisers; and a full time Secretary. Additional Advisers and Consultants were foreseen to assist as and when deemed necessary. The current reality is quite different with a full time Technical Adviser heading the Secretariat, assisted by a Secretary and an office assistant/driver. The absence of the RGC Senior Staff underscores the lack of FA/MOE ownership.

In addition to the duties listed above, the Secretariat manages DANIDA funding and liaises closely with DANIDA as the coordinating DP. All costs related to the Secretariat are currently funded by DANIDA.

All interviewees acknowledged the good performance of the Secretariat but there were also general agreement that the time has come to anchor the Secretariat in FA and thereby emphasise the FA ownership and responsibility. The close relations between the TWG Secretariat and DANIDA has contributed significantly to strengthening the support required for a well functioning TWG-FE but it has also, by some, be seen as 'too much DANIDA and too little FA'. There was full agreement, however, that continued support to the Secretariat is an absolute prerequisite for improved coordination.

Since DANIDA will discontinue its development assistance to Cambodia by the end of 2012 new arrangements will have to be made to ensure that the Secretariat – probably and preferably as an integrated unit or through integrated functions into FA – can be maintained to support TWG-FE as well as contribute to improved coordination also within FA. It has been indicated that EU may provide the necessary support but a pooled funding arrangement could also be considered.

The Secretariat's management of DANIDA funds will at the very latest come to an end by the end of 2012 but changes may actually take place sooner if the FA integration is given priority, or/and if FA management of external funding is introduced, cf. 2.2 and chapter 4.

It is concluded that the Secretariat functions well and has provided indispensable support to the TWG-FE.

There is general agreement that these functions, including the planning and budgeting, should be rooted in FA in a process ensuring the sustainability of the established competencies and capacities. This will, undoubtedly, require continued external financial support and technical assistance and appropriate mechanisms must be identified and agreed in sync with the panning of such changes and bearing DANIDA's exit by the end 2012 in mind.

## 4. FORESTRY ADMINISTRATION

### 4.1 FA Structure

FA at the central level (Headquarters) is headed by a Director General and four Deputy Director Generals who oversee seven departments and the Phnom Tamao Zoopark and Wildlife Rescue Centre. The seven departments include:

- i. Department of Administration, Planning and Finance
- ii. Department of Forest and Community Forestry
- iii. Department of Wildlife and Biodiversity
- iv. Department of Plantation Forest and Private Forest Development
- v. Department of Legislation and Law Enforcement
- vi. Department of Forest Industry and International Cooperation
- vii. Institute of Research and Development

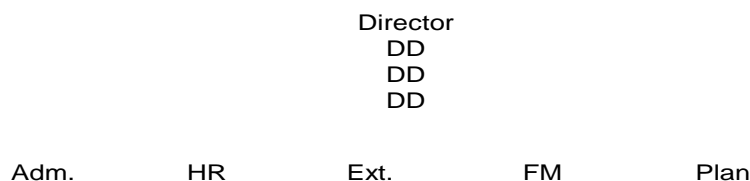
## FA Structure



(Fig 1)

Each department comprises 4-5 offices. Overall coordination issues, planning, monitoring and evaluation, and general programme and financial management would seem to be best placed in the Department of Administration (DAP) with its 5 offices: (i) Administration and General Service; (ii) Human Resources; (iii) Extension and Public Communication; (iv) Accounting, Financing and State Properties; and (v) Planning, Statistics and Total Office.

## DAP



(Fig. 2)

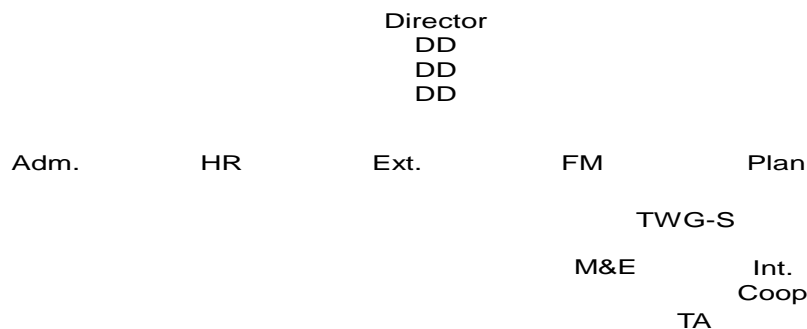
However, the M&E office is currently located in the Department of Legislation and Law Enforcement, DLLE (indicated by the circle in Fig.1) so close linkages would need to be made to this office in order to ensure a coherent PME and overall programme management structure. The Office for International Cooperation is part of the Department for Forest Industry and International Cooperation, DFI (see circle Fig. 1). It is assumed that the functions of this office are closely related to the current function of the TWG-FE Secretariat.

Thus, a restructuring based on full integration of the TWG-Secretariat into the Forest Administration would have to consider how to best link the functions of the Secretariat with the functions of DAP, the M&E office, and the Office for International Cooperation. Such linkages and integration would serve the purpose of creating a coherent PME mechanism, and a cohesive programme management system (including financial management and procurement). Implicitly, this would facilitate maximum coordination of support to the NFP and the sector in general.

The recent Consultancy Report on M&E to support the implementation of the NFP presents three options to link planning, monitoring and evaluations by (i) transferring the M&E office to DAP; or (ii) creating a separate M&E sub-department; or (iii) establishing an M&E unit directly under the Office of the Director General. The two latter options will add a flavour of independence to the M&E functions with option (iii) signalling a higher semi-autonomous status. The need and justification for such a semi-independent status would, of course, depend on the actual M&E functions to be undertaken by this unit.

Seen from a coordination perspective, however, it is of greater importance to ensure PME cohesion on the one hand and, on the other hand, coherence between PME and other programme management functions, notably financial management. In other words, the challenge would be to bring about linkages and interaction between the current TWG-Secretariat functions, the PME functions in DAP and whatever M&E set-up there might be, and the financial management functions in DAP – all to be rooted in the FA structure and supported by existing and additional Technical Assistance.

## Coordination superstructure?



(Fig. 3)

It would be a simplification, however, just to focus on structures. The task at hand is to improve coordination while at the same time promote national (FA) ownership. This brings strategies, systems, people and organisational culture into play – separately and in their correlations and interactions. A strategy on promotion of FA ownership needs to be in place, giving direction on PBA development, management of external project and programme funds, development of PME capacity, et cetera. Systems for FA’s programme management and TWG-support must be introduced – some exist, some will have to be developed or adapted – and people must obtain or develop the necessary skills to use the systems, and actually be available to do so. The latter may touch upon the availability of incentives - or not.

It is concluded that the current FA structure does not readily facilitate an integration of the TWG-FE Secretariat in a manner that sustains these functions and at the same time promotes a cohesive PME system linked with general programme and financial management. The issue at hand, however, is not a one-sided issue of structure. The process of increased FA ownership needs to be properly strategized, and the required systems to perform the tasks must be identified and put in place, accompanied by the necessary skills and capacities to apply them. Therefore, a careful approach to making these changes would be prudent and should involve the development of a change management plan based on information from the various studies mentioned the following section 4.2 - and not least on continued deliberations in the TWG-FE and/or any work group established to plan and promote this process.

Finally it should be emphasised that all parties concerned should be prepared for a change process that cannot be hastily completed and which will include a variety of obstacles and risks. It will, however, represent some important steps in line with declarations on aid effectiveness and commitments made by RGC as well as the Development Partners.

### 4.2 Country Systems

Country systems are in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action defined as national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks, monitoring, evaluation, and social

and environmental assessments. In this paper the elements of planning and monitoring, financial management and procurement are in focus as they relate to the PBA concept as well as to funding modalities and managements of funds.

Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector. Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.

*Paris Declaration on Aid Effectiveness and Accra Agenda for Action*

A 2010 study on National Structures and Systems for Aid Implementation in Cambodia concludes that the use of country systems has been very low. It notes that the approach has been 'piecemeal' and that there has been resistance to change on the part of RGC as well as amongst Development Partners. It also notes, however, that PBAs represent a possible response to organise aid delivery so that it increases and strengthens the use of country systems. It further suggests that the predominant use of Project Implementation Units (PIU) could be replaced by a single RGC-led PIU at the programme or sector level.

Development Partners commit to – Avoid the creation of new parallel structures (PIU/PMUs) for day-to-day management and implementation of ODA financed projects and programs.

*Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness - 2006)*

These observations are interesting and relevant in the current situation with the possibility of integrating the TWG-FE Secretariat into the FA or, alternatively, transfer some of the current secretariat functions to the Department of Administration and Planning in FA. This would also facilitate that DANIDA funding be managed by FA in preference to the Secretariat. At the same time, opportunities for FA management of the funds for the upcoming UNDP/GEF supported project, 'Strengthening Sustainable Forest Management 2011-2015' (SFM) are explored; and opportunities and constraints to using the 'Decentralized Management' modality (FA management of the funds) in the 'EU Trade Development and Forest Governance Facility' under preparation will also be assessed.

In preparation of possibly transferring SFM funds to be managed by FA UNDP recently commissioned a Financial Capacity Assessment of FA in line with its 'Harmonized Approach to Cash Transfer' (HACT). This entailed an assessment of FA's financial management and control systems and an identification of capacity development needs. The overall risk was assessed to be low and only a few areas were rated 'moderate risk' while there were no cases of 'significant' or 'high' risk. In an overall assessment it is concluded that 'The organisational structure of FA is appropriate for the work to be carried out under UN cooperation if the prevalent internal controls are maintained and initiatives for the capacity building of the staffs are undertaken.' It is also stated, however, that FA up to now has not managed donor funds and therefore lacks experience<sup>5</sup>.

The EU, as part of preparations of the 'EU Trade Development and Forest Governance Facility', is expected to carry out its own 'five pillars assessment' between December 2011

<sup>5</sup> This statement was contradicted by TWG members, and examples were given of some limited experience in handling funds for externally funded projects and programs

and February 2012 – or sooner if feasible - in order to appraise opportunities and constraints to ‘decentralized management’, i.e. FA management of the proposed facility.

In addition, a capacity building needs assessment is currently carried out and is scheduled to be completed by the end of 2011. This assessment is wider; seeking to capture a large number of ‘key NFP players’ at the central as well at the decentralized level; but it is initially focussed on FA and the capacity needs in relation to planning, monitoring and evaluation.

Finally, a consultancy on the development of a monitoring and evaluation system for FA was completed recently. It produced a report with a ‘step-by-step plan for development and operationalisation of M&E’ and ‘partial guidelines’ ‘For Monitoring and Evaluation For The Forestry Administration to Support Implementation of The National Forest Programme’.

Ideally, these assessments and studies should have been consolidated, integrated or well coordinated but they will at any rate provide crucial information on FA’s capacity to manage externally funded projects and programmes. Between them, they also provide the opportunity and necessity to establish the linkages between general and financial management, and between planning, monitoring and evaluation. Finally, they should uncover whether adequate country systems are in place and in use or, whether suitable alternative systems are available and may serve as country systems for the time being.

It must in any event be avoided to introduce separate PME and FM systems for the different donor support envisaged to be managed by FA. For instance, the 2005 ‘Financial Management Manual for Externally Financed Projects/Programs in Cambodia’; and the 2005 Procurement Manual for Externally Financed Projects/Programs in Cambodia could be suitable and adequate, and it appears that updated/revised versions will be available shortly. Furthermore, training in the use of these systems has been initiated in the FA, supported by ADB.

Initially, this FMM will be used for Asian Development Bank and World Bank funded projects and programs, it is intended that its use will, over time, extend to all projects and programs which come under the responsibility of the MEF  
*(Financial Management Manual for Externally Financed Projects/Programs in Cambodia – 2005)*

This manual is issued both to ensure users are aware of the Government’s own policies on procurement funded by both the World Bank and Asian Development Bank (...) and to provide training and reference tools for those practising procurement. Subject to specific agreement with other funding agencies, this manual may also be used on projects funded by such agencies.  
*(Procurement Manual for Externally Financed Projects/Programs in Cambodia – 2005)*

Summarising, there may possible be a window of opportunity in the near future to test FA management of external funds from DANIDA, UNDP and EU; pending assessments of FA capacity and provided the necessary capacity development support can be made available. In this connection it is of utmost importance to facilitate FA’s financial management and procurement by harmonising the systems that must be applied, for instance through updated versions of the manuals mentioned above.

## **5. CHANGE OPTIONS TO CONSIDER**

The objective of this consultancy is “to strengthen the Coordination Mechanism within the forestry sector (linking the TWG-FE Secretariat, DAP, and the M&E Office/Unit of the FA) to coordinate with key stakeholders and to assess possible funding support modalities (under the PBA concept and use of the country system) for the implementation of the NFP.”

The objective indicates that there is a need for change in various areas: (i) the coordination mechanism, i.e. TWG-FE supported by the TWG-FE Secretariat; (ii) the Programme Based Approach, i.e. funding modalities and programming; and (iii) linking TWG-FE with FA structures and functions, i.e. coherence in programme management and in structures. Implicitly, the issue of enhanced FA ownership cuts across these areas.

## 5.1 The Technical Working Group

The TWG-FE works well and there is no need for major changes – if it works, don’t fix it - although minor adjustments should be considered.

It is suggested therefore to revisit the Terms of Reference as a teambuilding exercise to elucidate the key tasks and the role of the different members with a view to developing a strategy and an action plan for the TWG work. In this process it should also be clarified how the members position themselves vis-à-vis the PBA and increased FA ownership. The Council for Development of Cambodia offers ‘PBA clinics’ to promote the understanding of the concept and to support PBA initiatives. The TWG-FE and FA could benefit from making use of this opportunity.

On this basis it is further suggested to develop joint declaration - a statement of intent - on policy positions and commitments, and inspiration could, for instance, be taken from the memorandum between the Royal Government of Cambodia and the contributing development partners on a programme-based approach for support to the national programme for sub-national democratic development, 2010 – 2019 and the implementation programme 2011 – 2013.

Key issues in the joint declaration should subsequently be reflected in the annual action plans.

Should it be decided to keep the TWG-Secretariat as it is, i.e. as a separate entity outside the FA structure, then it should be considered how FA, and possibly MOE, senior staff can contribute as originally envisaged in the Terms of Reference for the Secretariat. In addition, it should be considered how existing TA in FA could add value to the Secretariat’s work, notably in terms of programme planning and in linking with the pertinent offices in FA.

It should be kept in mind that DANIDA support to the TWG Secretariat will come to an end by December 2012. Arrangements for alternative funding and support must therefore be made in due course.

## 5.2 FA Ownership

The Programme Based Approach provides a good opportunity to promote FA ownership by using FA structures and systems in the general programme management, including PME, and in financial management and procurement. The National Forest Program is the result of

PBA and also the strategic framework for further PBA developments. It could be argued that the current program has some of the features of a Sector-wide Approach, SWAp:

All significant donor funding support a single, comprehensive sector policy and independent programme, consistent with a sound macro-economic framework, under government leadership.

Donor support for a SWAp can take any form – project aid, technical assistance or budget support – although there should be a commitment to progressive reliance on government procedures to disburse and account for all funds as these procedures are strengthened.

*OECD/DAC definition of SWAp*

The TWG has expressed its full support for increased FA ownership but has not yet discussed how this could best be promoted. If decisions are made, however, that FA shall be trusted with the financial management of external funds provided by some donors, then this would be one important step in support of enhanced FA ownership.

It follows that the programme management functions that are undertaken by the TWG Secretariat at present should also be placed with FA and, in any event, need to be considerably strengthened.

Several options readily present themselves.

Option 1: The TWG-FE Secretariat is maintained as an interface body and part and parcel of TWG-FE. Secretariat functions are in support of TWG-FE but do not include general NFP management functions, which must be undertaken within the FA structure. Pros: This option is simple and will ease the workload in the Secretariat. Cons: If this change takes place before coherence between PME and financial management is ensured in FA there is a great risk that the work in the TWG-FE will be hampered.

Option 2: All general programme management functions (PME) are handled by the Planning Office in the Department of Administration and Planning (DAP); and arrangements are made to ensure very close linkages between the Planning Office and the Financial Management Office in the same department. The Secretariat, the M&E Office and the International Cooperation Office are integrated into the Planning Office. Pros: A coherent general NFP management structure linked to the TWG-FE provides optimal conditions for internal coordination and coordination with Development Partners in pursuance of NFP development. Cons: This option requires significant structural adjustments in FA, and DAP may emerge as a too heavy office.

Option 3: Identical to option 2 but with the Planning Office established as a separate department with for instance 4 offices, e.g. (i) NFP policy and development; (ii) PME; (iii) TWG-Secretariat; and (iv) Other International Relations. Pros: This 'coordination superstructure' will have a high status and, thus, weight; and it will as mentioned in option 2 provide optimal conditions for internal coordination and coordination with Development Partners in pursuance of NFP development. Cons: The linkage to Financial Management may be weakened. Significant structural changes are required.

Structural change will in itself not facilitate strengthened coordination and increased ownership. This can only happen to the extent that the critical functions can be properly

performed, and this will require the development and introduction of pertinent systems, notably PME and FM systems, and the ability to use such systems. Thus, a comprehensive capacity development package comprising structural adjustments, systems development, and skills upgrading is necessary, and TA will be required as illustrated in fig. 3.

### 5.3 The Way Forward

It is an overall conclusion that the TWG-FE works very well and that any need to strengthen the coordination mechanisms must be related to increased FA ownership, which can find expression in the development of PBA (including funding modalities), financial management of external funds, and strengthened PME capacity. The way forward will necessitate a general strategy covering these issues; and commitment from all TWG-FE actors to support such a strategy. Decisions must be made by FA on the need for structural adjustments at headquarter level; and plans for systems development and skills upgrading must be elaborated. Finally, of course, tangible support for all the necessary initiatives must be provided so that implementation can be carried out.

This report as well as the M&E Study Report can hopefully provide some inputs to the change process, and it is assumed that the current capacity needs assessment eventually can contribute with pertinent information on the need for capacity development related to the changes under consideration.

As a first step in the envisaged change process it is proposed to organize and hold a TWG-FE workshop/seminar with a view to develop

- (i) a strategic plan for the development of NFP and strengthened FA ownership;
- (ii) a Statement of Intent in which the TWG-FE actors express their commitments to support the strategic plan;
- (iii) a TWG-FE action plan for 2012.

The action plan should also deal with the necessary changes related to DANIDA's planned exit by the end of 2012.

It would be useful to revisit and, if needed, to revise Terms of Reference for the TWG-FE as well as for the TWG-FE Secretariat as a starting point in the proposed workshop.

It is, finally, suggested that a CDC PBA Clinic for FA should precede the workshop.

**TERMS OF REFERENCE**  
**STRENGTHENING OF THE COORDINATION MECHANISM FOR ALL STAKEHOLDERS IN**  
**THE FOREST SECTOR FOR IMPLEMENTATION OF THE NATIONAL FORESTRY**  
**PROGRAMME**

SECRETARIAT, TECHNICAL WORKING GROUP – FORESTRY AND ENVIRONMENT

**1. Background and Rationale**

The Royal Government of Cambodia (RGC) has set up 19 Technical Working Groups (TWGs) for the coordination and mobilization of external resources, Overseas Development Assistance for Cambodia. The TWGs have members from government institutions, development partners, civil society, non government organisations (NGOs) and the Private Sector. Each TWG is led by the respective sector of RGC institution and co-chaired by the lead development partner (DP). TWGs play an important role in the coordination of development support among stakeholders.

The TWG is fully supported by a Secretariat which is responsible for day to day workings, organising meetings, information sharing, communicating messages between the Government and Donor Coordination Committee (GDCC) for the members to implement government policy and strategy and the agreements reached between RGC and DPs. The Secretariat also plays a role in the development and implementation of strategic plans and the management of development assistance.

The Technical Working Group on Forestry and Environment (TWG-FE) was established in 2005 with the full support of its secretariat in place by mid 2006. The National Forest Programme (NFP) was officially approved by RGC on 18 October 2010 and expressed a vision for the forestry sector for a period of 20 years (2010-2029).

The NFP serves as the national strategic framework for support to the forestry sector from the national budget and with assistance from DPs. So far, more DPs have committed support to the forestry sector and a key issue of concern is how to effectively coordinate these supports to the NFP.

Recently, the RGC, through the Council for Development of Cambodia has embarked on the promotion of a Programme Based Approach (PBA) and the use of a Country System for all donor support programmes and RGC-Donors coordination. It is therefore very timely for the forestry sector to have the National Forestry Programme in as a mechanism for promoting the PBA process. The Forestry Administration (FA) is now embedding the PBA in the implementation of the NFP. In late May 2011, the FA called upon all concerned DPs to discuss and find ways for enhancing the coordination efforts in the forestry sector towards the use of PBA and Country Systems.

The outcome and consensus reached in the said meeting reflects and guides the development of these TOR as follows:

1. There is a need to form a coordination body within the FA to enhance the coordination between the TWG-FE Secretariat, Department of Administration, Planning and Finance (DAP) within FA, and M&E Unit/Office of FA.
2. Funding modalities should acknowledge the national structures in building and strengthening the ownership, leadership and responsibility of the FA. There should be a focus on the integration of existing funding flows through the TWG-FE Secretariat.
3. There was agreement to have an urgent study undertaken on how best to form a coordination body for the FA.

FA and DPs will jointly provide technical inputs to the study. The FA/TWG-FE Secretariat will be responsible for covering the cost of the study through DANIDA funding support to the Secretariat – as per approved work plan for 2011

## 2. Objectives

The objective of the study is to strengthen the Coordination Mechanism within the forestry sector (linking the TWG-FE Secretariat, DAP, and the M&E Office/Unit of the FA) to coordinate with key stakeholders and to assess possible funding support modalities (under the PBA concept and use of the country system) for the implementation of the NFP.

## 3. Scope of Work

The consultancy team will work on, but not be limited to, the following:

- Reviewing policies, regulations and procedures relevant for the TWG-FE Secretariat, DAP and the M&E Unit/Office of the FA;
- Review the current organizational structures and functions of the TWG-FE Secretariat, DAP and the M&E Unit/Office, and suggest a possible structure and set up mechanism for a coordination body within the FA;
- Review the coordination roles that the TWG-FE Secretariat plays during the planning, resourcing, implementation, monitoring and coordination among all donors and support programmes to the forestry sector at all levels. Review the roles, and inter-relationships of TWG-FE Secretariat, DAP, M&E Unit/Office of FA in the entire coordination process to ensure complementarity rather than duplication and confusion;
- Review the current funding mechanisms being used by DPs and NGOs in the forestry sector at all levels (national and sub-national), assess the costs and benefits of the various approaches and suggest possible modifications to adapt to the country system under the PBA;
- Review current procedures, guidelines and manuals for financial management, administration and procurement processes;
- Review lessons learned on the PBA practices, e.g. D&D (NCDD), Health and/or Education sectors and propose valuable lessons that could be applied and adapted to the forestry sector;
- Identify gaps in human resource capacity within the TWG-FE Secretariat, DAP and the M&E Unit/Office of FA and recommend measures on how to address these gaps;
- Consult with key stakeholders, i. e. FA management; key staff of the TWG-FE Secretariat, DAP and the M&E Unit/Office of FA; aid harmonisation unit of CRDB/CDC; concerned DPs, NGOs and the private sector, including line ministries and others as needed;
- Undertake stakeholder analysis by mapping the views of government institutions and DPs, NGOs and delineating the constraints they face in deepening and broadening program alignment and harmonization. Particular attention should be given on how partners view the introduction of PBA, if at all, and which of these partners is now prepared to join the FA in moving toward a PBA approach;
- Review links with relevant inter-sectoral initiatives such as the Public Financial Management report by World Bank, Public Administrative Reform introduced by the Council on Administrative Reform and the CDCF mechanism under the CDC;

- Provide options and recommendations for
  - i. The mechanism (linking the TWG-FE Secretariat, DAP and the M&E Unit/Office of the FA) to coordinate with all concerned DPs, NGOs and the private sector;
  - ii. The mechanism to channel the flow of funds under the PBA concept and use of the country system;
- Identify positions or requirements needed for each option identified above (positions or requirements from donors and FA staff);
- Identify roles within the coordination mechanism, clarify roles of donors (labour division framework) and roles of the TWG-FE Secretariat, DAP and the M&E Office/Unit of the FA; and
- Identify types of capacity needed for FA staff and donor staff for effective coordination.

#### **4. Methodology**

The consultancy team will be working on, but not limited to, the following:

- Desk study: the consultancy team will review all relevant forestry policies and regulations or laws relating to forestry sector coordination;
- Produce inception report (indicating the mission plan) for consultation with FA management and concerned DPs;
- Consultation with key concerned stakeholders as stated under the scope of work for information/data gathering;
- Consultation on the draft report with FA management and concerned DPs, private sector and NGOs for further technical inputs; and
- Debriefing with FA management and concerned donors and NGOs for finalization of the report.

#### **5. Outputs and reporting**

The consultancy team will produce:

- Inception report.
- The consultancy mission report, which includes the following documents:
  - The mechanism (linking the TWG-FE Secretariat, DAP and the M&E Unit/Office of the FA) to coordinate with all concerned DPs, NGOs and the private sector;
  - The mechanism to channel the flow of funds under the PBA concept and use of the country system.
  - Identified positions or requirements needed for each option identified above (positions or requirements from donors and FA staff).
- Roles within the Coordination Mechanism, clarifying roles of donors and roles of the TWG-FE Secretariat, DAP and the M&E Unit/Office of the FA and their inter-relationships;
- Types of capacity needed for FA staff and donor staff for effective coordination; and
- An outline for a Joint Partnership Arrangement for the forestry sector as an annex to the mission report.

The consultants will report to the co-chair of the TWG-FE. For strategic, overall guidance and on a day to day basis, the consultants will work closely with Mr. Chea Sam Ang, Deputy Director of FA, Mr. Than Sarath, Acting Director of DAP, and Mr. Sok Srun, National Coordinator of the TWG-FE Secretariat.

#### **6. Team and team structure**

One international consultant should possess extensive expertise and experience in the design, implementation, and evaluation of PBA in developing countries, institutional management and organizational change. The international consultant will team up with a national consultant who has expertise in financial management. The national consultant should be familiar with the current government financial system and the FA system. The international and national consultants' familiarity with the Cambodia forestry sector and the current practices on the implementation of the NFP would be an additional advantage.

## **7. Timing**

The team will start working immediately after signing the contract, for 25 days allocated for:

- 2 days of travelling
- Present inception report on 16<sup>th</sup> September 2011
- 14 days for preparing the final draft report (and output have to be delivered by day 19); and
- 4 days to complete the final report after comment from relevant stakeholders. The completed report has to be delivered by day 4 (timetable for consultancy to be developed).

## Itinerary

Date	Activities
05 September 2011	<ul style="list-style-type: none"> <li>• Briefing: TWG-FE Secretariat &amp; DANIDA</li> <li>• Meeting DDG, FA</li> <li>• Briefing: TWG-FE</li> <li>• Team meeting</li> </ul>
06 September 2011	<ul style="list-style-type: none"> <li>• Review documents</li> </ul>
07 September 2011	<ul style="list-style-type: none"> <li>• Meeting: Ministry of Health</li> <li>• Meeting: MAFF</li> <li>• Meeting: CDC</li> </ul>
08 September 2011	<ul style="list-style-type: none"> <li>• Meeting: JICA TA</li> <li>• Review documents</li> <li>• Prepare Inception Presentation</li> </ul>
09 September 2011	<ul style="list-style-type: none"> <li>• Inception meeting with TWG-FE</li> <li>• Review documents</li> <li>• Team meeting</li> <li>• Prepare itinerary</li> </ul>
10 September 2011	<ul style="list-style-type: none"> <li>• Draft Inception Note</li> </ul>
11 September 2011	<ul style="list-style-type: none"> <li>• Review documents</li> </ul>
12 September 2011	<ul style="list-style-type: none"> <li>• Meeting: TWG-FE Secretariat</li> <li>• Meeting: DANIDA</li> <li>• Review documents</li> </ul>
13 September 2011	<ul style="list-style-type: none"> <li>• Meeting: JICA</li> <li>• Meeting: UNDP</li> <li>• Meeting: UNDP Consultant on SFM Project</li> <li>• Meeting: FAO</li> <li>• Meeting: EU</li> </ul>
14 September 2011	<ul style="list-style-type: none"> <li>• Meeting: ADB</li> <li>• Meeting: AFD</li> <li>• Team meeting</li> </ul>
15 September 2011	<ul style="list-style-type: none"> <li>• Meetings: DAP FA</li> <li>• Meeting: M&amp;E Office FA</li> <li>• Meeting: USAID</li> <li>• Meeting: FA on REDD Programme</li> </ul>
16 September 2011	<ul style="list-style-type: none"> <li>• Meetings: FA</li> <li>• Team meeting</li> </ul>
17 September 2011	
18 September 2011	
19 September 2011	<ul style="list-style-type: none"> <li>• Meeting: PACT</li> <li>• Meeting: WCS</li> <li>• Meeting: TWG-FE Secretariat</li> <li>• Meeting DANIDA</li> </ul>
20 September	<ul style="list-style-type: none"> <li>• Team meeting</li> <li>• Review documents</li> </ul>
21 September 2011	<ul style="list-style-type: none"> <li>• Meeting: FA/RECOFTC</li> <li>• Follow-up meetings FA</li> </ul>
22 September 2011	<ul style="list-style-type: none"> <li>• Meeting Ministry of Environment</li> <li>• Meeting: Ministry of Education</li> <li>• Team meeting</li> </ul>

23 September 2011	<ul style="list-style-type: none"> <li>• Follow-up meetings FA</li> <li>• Meeting: TWG-FE Secretariat</li> <li>• Meeting: DANIDA</li> </ul>
24 September 2011	
25 September 2011	
26 September 2011	<ul style="list-style-type: none"> <li>• Draft report</li> </ul>
27 September 2011	<ul style="list-style-type: none"> <li>• Draft report</li> </ul>
28 September 2011	<ul style="list-style-type: none"> <li>• Draft report</li> </ul>
29 September 2011	<ul style="list-style-type: none"> <li>• Draft Report</li> <li>• Prepare debriefing presentation</li> </ul>
30 September 2011	<ul style="list-style-type: none"> <li>• Debriefing: TWG-FE</li> <li>• Revise Draft Report</li> </ul>
01 October 2011	
02 October 2011	<ul style="list-style-type: none"> <li>• Revise draft report</li> </ul>
03 October 2011	<ul style="list-style-type: none"> <li>• Misc. Follow-up meetings</li> </ul>
04 October 2011	<ul style="list-style-type: none"> <li>• Misc. Follow-up meetings</li> </ul>
05 October 2011	<ul style="list-style-type: none"> <li>• Misc. Follow-up meetings</li> <li>• Winding up</li> </ul>
09 October 2011	<ul style="list-style-type: none"> <li>• Final report</li> </ul>
10 October 2011	<ul style="list-style-type: none"> <li>• Final report &amp; feed back</li> </ul>

## LIST OF DOCUMENTS

1.	Terms of Reference for TWG-FE
2.	TOR for Secretariat of TWG-FE
3.	Roles and function of Department of Planning, M&E Office
4.	Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness
5.	M&E Study Report
6.	The Cambodia Aid Effectiveness Report 2010
7.	Partnering initiatives
8.	Programme Based Approaches in Cambodia
9.	Use of country system
10.	Donor Cooperation Program
11.	Aid Management Documents
12.	Aid Management in Cambodia
13.	Promoting Use of Country Systems in Cambodia – Briefing Note by CRDB/CDC (January 2011)
14.	Annual Report for Agriculture, Forestry and Fisheries 2010-2011
15.	National Structures and Systems for Aid Implementation in Cambodia May 2010
16.	Cambodia's National Forest Programme – Background Document
17.	National Forest Programme 2010-2029
18.	National Forest Programme Work Plan and Budget 2011
19.	Supporting results-based programmatic approaches in Cambodia (PBA Concept Note) October 2010
20.	Guidelines on Development of Strategic Budget Plan
21.	The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action
22.	The Cambodia Aid Effectiveness Report 2008
23.	The Cambodia Aid Effectiveness Report 2010
24.	Memorandum On A Programme-Based Approach (PBA) For Support To The National Programme For Sub-National Democratic Development, 2010 – 2019 And The Implementation Programme 2011 – 2013 Between the Royal Government Of Cambodia And The Contributing Development Partners (May 2011)
25.	TWG-FE Members, Agencies and Ministries
26.	Inception Report for A Study on the Development of Monitoring and Evaluation for Forestry Related Programmes (2011)
27.	Accounts Manual For The Forestry Cantonment For The Programme Supported By Donors
28.	Accounts Manual For The Technical Working Group On Forestry And Environment (Twtg-FE)
29.	Monitoring And Evaluation Guidelines For The Forestry Administration To Support Implementation Of The National Forest Programme Partial Draft Guidelines 23 August 2011
30.	Procurement Manual For The Forestry Cantonment (DANIDA February 2011)
31.	Review of Community Forestry and Community Fisheries in Cambodia 2010
32.	Report on the Use of Country Systems in Public Financial Management. Working Party on Aid Effectiveness, Joint Venture on Public Financial Management 2008
33.	Competency Standards for Community Forestry and Community Protected Areas
34.	Capacity Building Needs Assessment for Community Forestry and Community Protected Areas in Cambodia
35.	Financial Management Capacity Assessment of Forestry Administration, Ministry of Agriculture, Forestry and Fisheries, Royal Government of Cambodia 2011
36.	Short Summary of the Project “Strengthening Sustainable Forest Management” 2011-2015
37.	Financial Management Manual for Externally Financed Projects/Programs in Cambodia - 2005
38.	Handbook on Financial Management Activities – For Externally Financed Decentralized and Deconcentrated Projects in the Kingdom of Cambodia - 2006
39.	Procurement Manual for Externally Financed Projects/Programs in Cambodia Vol. I & II - 2005
40.	Memorandum of Understanding between PACT and FA Regarding Co-operation to Support Community Forestry Development and Reducing Emissions from Deforestation and forest Degradation in Cambodia December 2010
41.	Partnership Principles for the Education Sector
42.	Terms of Reference for the Joint Technical Working Group in Education
43.	JTWG-Ed Annual Work Plan 2011
44.	Seminar Report: Review of the Education Sector-Wide Approach in Cambodia, 2005

## List of Persons met

Name	Title	Organization
Mr. Jacob K. JEPSEN	Counselor	Royal Danish Embassy, DANIDA
Mrs. MAO Moni Ratana	Senor Program Officer	Royal Danish Embassy, DANIDA
H.E. CHEA Sam Ang Mr.	Deputy Director, Head of M& E Technical Working Group (TWG)	FA - Forestry Administration
Mr. SOK Srun	Coordinator of TWG-FE	FA - Forestry Administration
Mr. MUONG Sideth	Project Officer	AFD - Agent France Development
Mr. Andre POUILLES-DUPLAIX	Director	AFD - Agent France Development
Ms. Nao IKEMOTO	Senior Natural Resource Management	ADB - Cambodia Resident Mission
Mr. HEM Chanthou	Senior Project Officer	ADB - Cambodia Resident Mission
Mr. Flynn FULLER	Mission Director	US . Agency for International Development
Ms. Kimberley LUCAS	Director, Office of Food Security & Environment (FSE)	US . Agency for International Development
Ms. Michelle LABEEU	Head of Operations	Delegation of the European Union to the - Cambodia
Mr. Koen EVERAERT	Attaché-Natural Resource Management - climate Change	Delegation of the European Union to the - Cambodia
Ms. SIV Cheang	Program Officer, Agriculture and Rural Development	JICA - Japan International Development Cooperation Agency - Cambodia Office
Mr. NONAKA Hiroyuki	Project Formulation Advisor	JICA - Japan International Development Cooperation Agency - Cambodia Office
Mr. HIROSHI Nakata	Technical Advisor to General Director, Forestry Administration	FA /JICA - Cambodia
Mr. Phillip COURTNADGE	Senior Advisor, Partnership for Development Results	Cambodia Rehabilitation & Development Board at the Council for the Development

		of Cambodia
Ms. Sophie BARANES	Deputy Director (Programme)	United Nations Development Programme
Mr. CHHUM Sovanny	Programme Analyst	United Nations Development Programme
Mr. CHUOP Paris	Assistant to FAO Representative (Programme)	FAO-Food and Agriculture Organization of the United Nations
Mr. Eric BERGTHOL	Country Director	PACT -Building Capacity Worldwide - Cambodia
Ms. Amanda BRADLEY	Programme Director, Community Forestry Partnership (CFP) Program	PACT -Building Capacity Worldwide - Cambodia
Mr. Mark GATELY	Country Program Director	Wildlife Conservation Society
Mr. Edwin V. PAYUAN	Country program Coordinator (Cambodia, Lao PRD)	RECOFTC - Cambodia
Mr. Omaliss KEO	Deputy Director/REDD Focal Point, Department of Wildlife and Biodiversity	FA- Forestry Administration
Mr. CHIP Bunthavin	Deputy Chief/Human Resource Department of Administration Planning & Finance (DAP)	FA- Forestry Administration
Mrs. KIV Leakhena	Chief of Accounting/Finance & State Property	FA- Forestry Administration
Mr. CHONG Tol	Chief of M& E	FA- Forestry Administration
Mr. SY Ramony	Director of Wildlife Sanctuary Department	MoE - Ministry of Environment
Mr. MEAS Sophal	Deputy General, Department Of Administration for Natural Conservation & Protection	MoE - Ministry of Environment
Mr. MENG Mongrak	Deputy Director of International Conservation & Biodiversity Department (GDANCP)	MoE - Ministry of Environment
Mr. KIV Sonissay	National Pro-TWGH Coordinator	MoH - Ministry of Health
Ms. THEME Viravann	Chief of NGOs, Relationship & Registration Department of International Cooperation	MoH - Ministry of Health

H.E. Mr.	SAM Sereyrath	Director General of Education	MoEYS - Ministry of Education Youth and Sports
Mr.	THAN Setharath	Vice Chief, Project Management & Monitoring Office (PMMO)	MoEYS - Ministry of Education Youth and Sports
Mr.	LIM Sothea	Director of Planning Department	MoEYS - Ministry of Education Youth and Sports
Ms.	Kirsten EWERS	Consultant	UDND
Mr.	SREY Vuthy	Deputy Director, Department of Planning and Statistic, MAFF	Ministry of Agriculture Forestry and Fisheries (MAFF)
Mr.	CHE Savun	Chief Office of Investment Budget Management/DAF	Ministry of Agriculture Forestry and Fisheries (MAFF)
Mr.	MONG Leng	Deputy Director of Department of Finance and Accounting	Ministry of Agriculture Forestry and Fisheries (MAFF)
Mr.	SAY Sinly	Deputy Chief of World Agro-Trade Office	Ministry of Agriculture Forestry and Fisheries (MAFF)

## TWG-FE Members, Agencies and Ministries

No.	Name	Title	Organization
1	H.E. Mr. Ty Sokhun	TWG-FE Chairman	Forestry Administration
2	Mr. Hem Van Yuth	Member	Europe and EU Bilateral Aid Coordination CDC/CRDB
3	Mr. Yos Mony Rath	Member	Ministry of Industry, Mines and Energy
4	Mr. Net Mony	Member	Ministry of Economy and Finance
5	Mr. Huy Phap	Member	Ministry of Land Management, Urban Planning and Construction
6	Mr. General Chea Sam Oeun	Member	Ministry of Defense
7	Mr. Sy Ramony	Member	Ministry of Environment
8	Ms. Loeung Chansophea	Member	Ministry of Commerce
<b>TWG-FE Members, Development Partners</b>			
9	Mr. Jacob Kahl Jepsen	Lead Facilitator	DANIDA
10	Ms. Mao Moniratana	Program Officer	DANIDA
11	Mr. Peter Jipp/Mr. Kung Monichan	Member	World Bank
12	Mr. Koen Everaert	Member	Delegation of the European Commission to Cambodia
13	Mr. Shibuya Yukihiro/Ms SivCheang	Member	JICA
14	Ms. Ronit Gerard/Mr. Tuy Samram	Member	USAID
15	Mr. Ajay Markanday or Mr. Chuop Paris/Mr. Soy Seung	Member	FAO / FAO NFP Facility
16	Mr. Lay Khim/Mr. Chhum Sovanny	Member	United Nations Development Programme (UNDP)
17	Mr. Muong Sideth	Member	AFD
<b>NGO and Private Sector</b>			
18	Mr. Mark Gately	NGO Member	Wildlife Conservative Society
19	Mr. Lu Chu Chang	Private sector-member	Cambodia Timber Industry Association
20	Mr. Chhith Sam Ath	NGO Member	NGO Forum
21	Georgia Beans	Country Representative	PACT-Cambodia
<b>TWG-FE Secretariat</b>			
22	Mr. Sok Srun	Coordinator TWG-FE	Forestry Administration
23	Mr. Eang Savet	Head of MKFA inspectorate	Forestry Administration
24	Miss. Chan Somaly	Senior Officer	Ministry of Environment (MoE)
25	Dr. Sokh Heng	NFP Coordinator	National Forest Program
26	Mr. Hour Limchhun	National Coordinator	CCI- Forestry
27	Mr. Sato Takayuki	CTA	CBFC/JICA
	Mr. Edwin V. Payuan	CTA	CBSFLMP/RECOFTC
28	Mr. Chay Sakun	Member	Deputy Head of Planning & International Cooperation Department, MAFF
29	Mr. In Kosal	Me	MAFF ASEAN Secretariat
30	Mr. Toby Carson	NGO membe	CBNRM LI
31	Mr. Gavin Tritt	Country Director	The Asian Foundation
32	Mr. Bunra SENG	Country Director	CI
33	Mr. Teak SENG	Country Director	WWF