

Second Annual Consultation between The Royal Government of Cambodia and the Government of Denmark

on Danish Environmental Assistance to Cambodia

Council for the Development of Cambodia, Phnom Penh

23-24 April 2001

AGREED MINUTES

1. Introduction

The second bilateral annual consultations on co-operation between Cambodia and Denmark were held in Phnom Penh on 23 April 2002.

The Cambodian delegation was headed by H.E. Mr. Keat Chhon, Senior Minister of Economy and Finance and 1st Vice Chairman of the Council for the Development of Cambodia (CDC), and the Danish delegation by Mr. Einar H. Jensen, Head of Department of the ASEAN, Ministry of Foreign Affairs (a list of participants is enclosed as Annex I).

2. Opening Statement

Opening the talks, the Head of the Cambodian Delegation welcomed the Danish Delegation. He praised the opportunity to further strengthen the partnership for cooperation and looked forward to the consultations. He stressed the need to improve the conditions for Cambodia and especially to alleviate the poverty by linking them to effectively and efficiently management of the natural resources and environment.

He mentioned that the recent Commune Council elections were a major step in strengthening democracy at the grassroots level and in the efforts to decentralize the Government and empower the people to take charge of their own destiny. The Government was overall satisfied with the relative peaceful process and the following debate leading up to the national elections next year. The Danish support to activities related to the decentralizing process would contribute to the success and strengthen the democracy at grass root level.

Focusing on the reform process he was confident that the maintenance of the momentum was a key to pull Cambodia from the vicious circle of poverty to its rightful place in the international community. The Government was therefore reaffirming the commitment and political will to pursue the reforms regardless of difficulties and challenges.

In his opening remarks the Head of the Danish Delegation thanked for the kind welcome and commended the Royal Cambodian Government for the positive results of the joint environmental co-operation in the 5-year Natural Resources and Environment (NRE) Programme supporting Cambodia in its efforts for a sustainable use of natural resources and protection of environment. .

He then mentioned the joint Annual Project Review (APR) and focussed on the main findings of the APR team especially he was pleased to note the fact that the NRE Programme is well managed and has achieved good progress. He also took note of the recommended programme for 2002, which is quite in line with the Government's policy with regard to decentralization and poverty alleviation. He emphasized that lasting improvements in the living conditions of the poorest sections of the worlds population is the overriding objective of Denmark's development policy.

Besides the benefit to Cambodia from the bilateral co-operation he also stressed the continued Danish support to the 2 regional institutions, Asian Institute of Technology for more than 30 years and the Mekong River Commission for more than 10 years, from which Cambodia is also benefiting considerably.

3. Danish development assistance strategy and priorities, development assistance budget reductions, etc.

The head of the Danish delegation gave a brief overview on the Danish Government's development co-operation policy. He informed that the Danish Government placed great emphasis on poverty reduction, economic growth, good governance, democracy and human rights. Based on these criteria the Government had, as part of its budget proposal for 2002, conducted a critical review on the Danish development and environmental assistance to developing countries. That had led to a general reduction by approx. 12 percent in the assistance to all co-operation countries. The Government will continue the reorientation of development and environmental assistance. The results of this will appear from the 2003 Finance Bill, which is expected to be approved in the second half of 2002. He confirmed that Denmark with an ODA of around 1 per cent of GDP in 2002 will still be in the forefront of developed countries with regard to the provision of ODA and the new Government's policy is to maintain this position. As a consequence of the review the frame for environmental assistance to Cambodia in 2002 was reduced from DKK 67 to 40 million. The decision on how to cut the assistance was based on an evaluation of the co-operation of the individual countries.

The head of the Danish delegation commended the smooth co-operation in the implementation of the environmental activities and the significant results achieved in spite of the limited capacity of the authorities and in periods of political unrest. He stressed that due to the limited absorptive capacity it was necessary to focus the assistance on fewer activities and in a smaller geographical area than originally planned as it was reflected in the report from the Annual Programme Review.

He stressed the objectives for the Danish environmental assistance and informed that in the future, this will be concentrated on promoting sustainable development through poverty-oriented economic growth with an increased emphasis on promoting the role of women in the assistance. Denmark will continuously remain among the very foremost countries in the world with respect to poverty reduction in the developing countries.

He informed that Denmark follows closely the general economic and political developments in Cambodia both bilaterally and through the multilateral Consultative Group Meetings. In the upcoming Consultative Group Meeting in Phnom Penh in June this year, Denmark will look forward to you sharing the contents of your progress reports with regard to economic and fiscal reforms, administrative reform, demobilization and forestry policy reform and all the other parts of the reform programme. In this connection he stressed that partner governments will have to take responsibility for their own development of which an efficient poverty oriented national strategy is an expression. This also applies in relation to respect for human rights, democracy, transparency and good governance.

Finally the Danish side informed that a number of projects and NGOs aimed at strengthening the overall standing of fundamental human rights in Cambodian society have received Danish support. Also activities related to accelerate and consolidate the development of the Cambodia democracy have been supported. In 2001 the Royal Danish Embassy was a major donor (USD 313,000) to the National Election Committee (NEC) through the UNDP Trust Fund in order to facilitate the Cambodian local elections in February 2002. Furthermore, Denmark has given support to organizations concerned with documentation related to the Khmer Rouge period and the Khmer Rouge tribunal, rule of law and freedom of expressions.

4. Political and Economic Developments in Cambodia

The head of the Cambodian delegation briefed the meeting on the progress of the comprehensive reform program that Cambodia and the RGC has embarked on. He added that the speakers had prepared background papers, and that the time today would mostly concentrate on discussions.

The years 2001 and 2002 represent a period of consolidation in the implementation of Cambodia's policy reforms and social development agenda. The *2nd Socio-Economic Development Plan 2001-2005* (SEDP II) and the *Poverty Reduction Strategy Paper* (PRSP) outline the strategies and policies for achieving these goals.

The SEDP II, which was adopted by the Council of Minister in December 2001, reflects this commitment. The Government's poverty reduction strategy embodied in SEDP II has three main components:

- i. achieving long-term, sustainable economic growth at an annual rate of 6 to 7 percent;
- ii. equitable distribution of the fruits of economic growth between the have and the have-not,

- iii. sustainable management and utilization of the environment and natural resources.

It was noted that the Danish assisted NRE Programme is a pioneering effort among donor initiatives directly linked to the third pillar of the SEDPII. In respect of private sector development, the head of the Cambodian delegation informed that the RGC considered the private sector an important partner in development. There was a regular six-monthly forum held with the private sector, chaired by the Prime Minister and participated in by the entire cabinet - to discuss relevant issues in this regard.

The head of the Danish delegation expressed overall appreciation of RGC's reform initiatives, and expressed his appreciation of the prominent role that natural resources and the environment have in the SEDP II, and hoped that this would also be the case during the PRSP process. The two sides agreed that the next year is critical for keeping the reform momentum for the benefit of the poor, although it could challenge vested interests.

The head of the Danish delegation urged that the dialogue between UN and RGC on the KR trial to be re-established, and secure that the KR Tribunal comes into effect with appropriate adherence to international standards of justice. The head of the Cambodian delegation assured that the Royal Government of Cambodia remained committed to the process. He further informed that the Prime Minister of India, in a recent visit to Cambodia, has offered assistance to the KR tribunal in form of Indian judges.

Decentralization and the Recently Completed Commune Elections

The Danish delegation congratulated the RGC for the successful commune elections but expressed concern of the reported violence. The Cambodian side informed that the violence was less compared to previous elections. The Cambodian delegation reported about the status of establishing and internalizing appropriate legal, administrative, fiscal and supervision mechanisms for the newly created rural and urban commune councils. The enabling legal framework for the Commune Councils are being worked out, and eight documents have so far been finalized, mainly relating to financial management and local level planning.

Total number of 1621 commune councils have prepared and endorsed their internal regulation / working procedures or rules. At the end of April this year, commune councilors and its clerks will be finishing their orientation on decentralization and management of commune administration. During the next two months, efforts will be concentrated on capacity building of the commune councils, related to management especially finance and planning.

The Cambodian delegation noted that these are built on lessons learned in the Seila programme, the Government framework to implement de-concentration and decentralization reforms. The Ministry of Interior is working closely with the Seila Task Force to design, coordinate and support all above training / orientations. In 2002, national budget and Seila's resources have been allocated and contributed to the commune fund. For 2002, only 500 communes will receive funds for development, but this number will be increased every year.

The future of the Seila Programme is that it will be fully integrated into the decentralization process, and the procedures developed are being adopted in the regulatory framework being prepared for commune councils. The RGC is facing shortages in technical and financial capacity to implement decentralization policy and local governance. Donor assistance is needed to make this first ever process of local democracy a success.

Regarding forest land, which is excepted from the general mandate of natural resource management of the Commune Council, the Cambodian delegation explained that as the main forest areas were protected areas and Concession management areas, these were found to be best managed centrally, with standard regulations, etc., also in view of the need for clear management responsibility.

Public Expenditure Management

The Cambodian delegation informed that fiscal performance in 2001 has broadly been good, with improved revenue mobilization and expenditure restraint. The 2001 Budget was implemented cautiously to make room for financing the commune elections and to reach the targeted fiscal balance. Moreover, increased spending on flood relief in 2000 has had a major impact on the financing situation in 2001. Domestic tax revenue increased modestly compared to 2000.

Overall expenditure has been contained below targets, thus contributing to the avoidance of domestic financing. Although progress has been achieved in reorienting government spending away from defence and security, social sector spending has remained short of expectations. Capital expenditure increased by 4 percent. Overall, inflation was minimal and exchange rate stable. For the year 2002, the main focus of the budget will be on financing the Public Administration Reform.

The Danish delegation expressed strong support for the efforts to direct revenue spending towards the social sectors, and stressed the importance Denmark attaches to the fight against corruption. Denmark stressed that it would follow initiatives in this regard closely. In response, the Cambodian delegation explained that substantial progress in combating corruption had been achieved. The cracking down on illegal logging, the increase in tax revenue, the removal of ghosts from the army, the confiscation of land sold off illegally, and the establishment of the National Audit Authority now in process of becoming fully operational - are among the measures undertaken, which substantially contribute to fight corruption.

Reforms in Natural Resources Management

The Cambodian delegation informed about progress in the forestry reforms, with the most important milestone being the new Forestry Law, considered by some legal practitioners to be the best in Southeast Asia. The final draft of this Law is currently in the National Assembly and is expected to be adopted soon.

The RGC recently took the initiative to have a Draft Government Forest Policy Statement elaborated by the Department of Forestry and Wildlife (DFW) on behalf of the National Committee on Forest Policy Reform. The draft of forest policy has four main pillars:

- i. Forest resource conservation, including the protection of natural forests to ensure their functions and services in terms of biodiversity and watershed management, and conservation approaches with maximum participation of local people;
- ii. Poverty reduction, focusing on the provision of benefits from forests based on recognition of traditional rights and implementation of community forestry;
- iii. Economic development oriented to promote socio-economic functions of forests, plantation development, and improved processing; and
- iv. Good governance, based on transparency, participation, dialogue, and the balancing of interests, institutional development, capacity building at all levels, decentralization, and reform of the forest administration.

The Danish delegation referred to the sub-decree on Community Forestry, and asked about plans for making this operational as an effective instrument of empowering local communities in management of natural resources.

The Cambodian side informed that a Task Force established by the Secretariat of the National Steering Committee to Manage and Execute the Forest Management Policy had drafted a sub-decree on community. It is expected that this sub-decree, after the on-going extensive consultations with all stakeholders are completed, will be issued within the next few months.

The major challenges to forestry reform are associated with the sustainable management of forest concessions and the strengthening of programs to combat forest crimes. In this regard the Danish delegation asked about the status of the Sustainable Forestry Management Plans (SFMP), which were to be submitted by all concessionaires by September 2001, and the current status of the Forest Crime Monitoring and Reporting Project (FCMRP).

The Cambodian side informed that the deadline for submission of mandatory long-term strategic forest management plans by concessionaires, consistent with international standards, was extended to September 2002. However, all logging activities were suspended by the RGC from 1 January 2002 until such time that SFMPs have been submitted and approved. If not complied with the concessions will be cancelled. Out of the present 17 concessions, eight concessionaires have submitted SFMPs, currently under review.

The Cambodian delegation informed that the incidences of forest crime continue to be reduced. The Forest Crime Monitoring and Reporting Project had experienced several setbacks. In an effort to strengthen the effectiveness of project implementation, the DFW has introduced important initiatives, presently being discussed among all involved.

It was agreed that the efforts to complete the process of reform in forestry is of utmost urgency, with significant challenges remaining, that can only be overcome with cooperation among all involved parties, including the continued support and understanding of the donor community.

The Cambodian delegation informed that the **fisheries** resources have been declining due to environmental degradation, over-fishing and population growth. Seeing the importance of fisheries to the livelihood of the people in Cambodia and the decline in fisheries resources, fisheries management has been a major concern of the RGC. The government has taken several important steps to reform the fisheries sector, including: Revision of the Fisheries Law, establishing Community Fisheries, fisheries conservation, institutional strengthening, administrative reform, and enhanced enforcement of the fisheries law.

The establishment of fishing communities will provide opportunities for communities to participate in, and benefit from, sustainable fisheries management. So far, 217 fishing communities have been established and more are to be organized. However, the staff of Department of Fisheries lack experience, human resources and financial support to carry out the huge undertaking. Technical and financial support to the community fisheries development and management are urgently needed.

The Danish delegation inquired about status of the legal framework needed for sustainable community management of the inland fisheries.

In response the Cambodian delegation informed that a sub-decree on community fisheries was drafted with extensive consultation, and recently approved by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and submitted to the Council of Ministries for approval. However, external support is still needed, especially technical assistance.

The Danish delegation noted that important work on inland fisheries is carried out under the Mekong River Commission, funded by Danida. It was urged that opportunities for collaboration and support should be explored.

The Cambodian delegation informed about the reforms within **Land Management**, and started by outlining the three main objectives of the RGC on Land Policy are: (i) Strengthening land tenure security and land market and preventing or resolving land dispute; (ii) the management of land and natural resources in an equitable sustainable and efficient manner; and (iii) promoting land distribution with equity.

In order to achieve these objectives the RGC will: (i) develop land use plans for priority areas including tourism and investment zones, key urban areas and major road corridors; (ii) co-ordinate land use plans with natural resources management; (iii) ensure harmonization of the regulatory framework for fisheries, coastal zones, waterways and mineral deposits; (iv) decentralize land management and planning authorities to the local level, after the establishment of national land use guidelines and supervisory structures; (v) develop procedures for urban land management and re-settlement.

In light of the proposed Danish support for land use planning in 2003, the Danish delegation asked about the status of the World Bank assisted Land Administration and Management Project (LMAP), and possible focus areas for Danish support. Especially in view of the absorptive capacity of the Ministry of Land Management, Urban Planning and Construction (MLMUPC).

In response the Cambodian delegation informed that land management is supported by several donors, but that Danish assistance would be highly relevant. The LMAP, is presently in the mobilization phase, and consist of the following five components:

- i. Development of Land Policy and Regulatory Framework
- ii. Institutional Development
- iii. Implementation of the Land Titling Program and Development of Land Registration
- iv. Strengthening the Mechanisms for Dispute Resolution
- v. Land Management.

It was agreed that Danish support for land use planning would be concentrated on the components of institutional development and land management, especially at the provincial level.

The head of the Danish delegation thanked for the comprehensive overview provided on the progress in the reform within Natural resources and Environment.

5. Natural Resource and Environment Programme

The status of programme activities (summarized in Annex II, Programme Overview /Financial Balance) and the report of the Annual Programme Review (APR) undertaken in February/March 2002 were considered. Both parties expressed satisfaction with the co-operation programme – noting that the APR had found that it had been well managed and had achieved good progress.

Total grants approved to date amounted to DKK 141,3 million, of which DKK 96 million (USD 11.3 million) was approved in 2001 against the expected commitment of DKK 74.5 million considered at last year's consultation meeting. Three of the four components of the Programme were now substantially operating, giving the Programme a wider front for support of Cambodia's initiatives in sustainable management of natural resources. As an increasingly active partner to Cambodia's efforts in this regard, Denmark informed that it would welcome taking a more active or a lead role, if appropriate, in co-ordinating donor support in selected issues in natural resources management.

Denmark emphasized it was, in principle against counterpart staff incentive payments, as such measures are not sustainable. Denmark underlined the need to phase out these payments as soon as possible, latest by the end of the present phases of on-going programmes/projects. There was urgent need for salary reforms for the civil service in order to make public administration as efficient as possible, and to eliminate the distortion represented by donor-paid salary allowances. The Cambodian side was urged to initiate a dialogue with donors in order to establish a common policy and a concrete plan for phasing out salary allowances.

Cambodia assured that ways to address this issue were being considered at the highest levels of the Government, admitting, however, that a solution was not easy without the financial resources. The Cambodian Delegation asked Denmark to consider the phasing out of the incentive payments to be linked with the implementation of the Priority Mission Group concept under the public administration reform, as requested by donors. Nonetheless, the Cambodian delegation assured its appreciation of and respect for Denmark's policy on this matter.

Referring to the Annual Programme Review (APR) Report., both parties endorsed the APR recommendations to:

- i. reduce the geographical focus area of the programme to the coastal provinces/municipalities and the lower Mekong Provinces; this was in consideration also of the limited funding available within the programme;
- ii. initiate a process of collaboration between the two inter-linked components of Land Use Planning and Natural Resource Management;
- iii. further develop the strategic focus of the NRE Programme and guiding principles for implementation in line with the Second Socio-Economic Development Plan (SEDPII) and the Poverty Reduction Strategy Plan (PRSP);
- iv. increase efforts towards the development of indicators for monitoring and evaluation at the project and programme level, linked to measures of poverty reduction in the SEDP II and the PRSP; Denmark, in this regard, would be very interested to have common ground for monitoring programme achievements; and
- v. adjust the functions of the NRE Programme Office at CDC, and the NRE Coordinator, in line with the establishment of a Danida office in Phnom Penh, expected 1 st of August 2002;

The proposed allocation of the commitment frame of DKK 40 million for 2002 (enclosed as Annex III), and the corresponding process action plan (enclosed as Annex IV) as recommended by the APR were approved. The following were additionally noted:

- i. the CDRI project (Rural Livelihoods and Environment, aimed at developing indicators for programme monitoring and evaluation, had already been approved with funding of DKK 2.91 million; and
- ii. with reference to the process action plan (PAP), Denmark informed that the appraisal of the Natural Resource Management (NRM) package was now scheduled for 27 May to 7 June 2002, which dates were accepted by Cambodia.

For funding in 2003, subject to approval of the 2003 Finance Bill, it was agreed by both Parties to give priority to the preparation of the planned support to land use planning and management. A formulation mission may be fielded in late 2002 in this regard. Considering the limited funding, it was agreed to defer, for consideration of the Annual Programme Review in 2003, the proposed funding window for NGO/CBO projects. The updated Summary of Component Activities (23 April 2002 Update of Table 6, NRE Programme Document 2001-2005, enclosed as Annex V) was accepted as reflecting the current status of the programme implementation and development.

A summary of the key issues discussed and agreed actions to be undertaken in respect of the four components of the Programme is given below. Details on status of individual projects are given in the Project Status Overviews enclosed as Annex VI.

Capacity Development. Environmental Education and Monitoring

The DKK 49.9 million National Capacity Development Project, the principal project under the component, commenced activities in December 2001, completing its mobilization and inception phase in March 2002. A core project within the overall NRE programme, the project involves the main national partners of the other components, and includes funding for NRE programme coordination and the operation of a Danida office in Phnom Penh. The development of a monitoring and evaluation system for the NRE Programme in collaboration with CDRI has been funded by Danida, and pilot activities on environmental education and awareness raising have been initiated under the Embassy's Local Grant Authority.

The Danish side underlined the need for strong inter-ministerial co-operation for the successful implementation of the National Capacity Development Project, and encouraged the active co-operation of national partners with CDRI in the design and implementation of a feasible monitoring and evaluation system for the NRE Programme. It was agreed by both Parties to suspend planning of further activities under the component this year.

Land Use Planning

Recently two activities were approved under this component, i.e. the third phase of the Coastal Zone Management Project (DKK 26.95 million), and the Watershed Management Project in Kbal Chhay (DKK 16.9 million). Both projects are in tender and expected to commence activities in August 2002. Initial dialogue has been undertaken with the Ministry of Land Management, Urban Planning and Construction (MLMUPC) on a broader support to participatory land use planning in the coastal and lower Mekong regions of Cambodia. The ongoing Phase 2 project on Coastal Zone Management (CZM) is progressing more or less according to plan, and has been extended to 31 July 2002 within the original approved funding to secure continuity and smooth transition to Phase 3.

The Cambodian delegation reported on progress made in strengthening the Coastal Coordinating Unit (CCU) within the MOE, following the recommendations of the CZM Project Review undertaken in September 2001. Initiatives to reform the CCU have been undertaken. As planned and underway, four permanent CCU staff will remain working for CCU including the National Coordinator. Six staff, called Resource Persons, from different involved departments in MOE, will be assigned ad hoc to CCU to support its operations. In addition, the existing National Focal Point system will also be used on an ad hoc basis to assist CCU in its functions. A training needs assessment for CCU based on the mandates of the NCSC, PWGs and the CCU is to be undertaken.

For the land use planning and management project, to be prepared later this year, the Cambodian delegation proposed support in the areas of institutional development, and land use management - linked to and complementing the Government's initiatives in land management and administration.

Urban, Industry and Energy Environment

No activities have yet been started under this component; the planned pilot project on solid waste management has been formulated and appraised. Due to the reduced funding frame for 2002, however, and considering other priority projects in the pipeline, it was agreed to defer implementation and further preparation of the solid waste management project, as recommended by the APR.

Natural Resource Management (NRM)

Activities under the component comprise: (i) the DKK 14.63 million Integrated Pest Management (IPM)

Farmer Training Project implemented by the Ministry of Agriculture, Forestry and Fisheries (MAFF), and (ii) the DKK 4.8 million Community Forestry Project implemented by the international NGO Concern Worldwide in cooperation with the Ministry of Rural Development and Ministry of Agriculture, Forestry and Fisheries/Department of Forestry - both expiring this year, in August 2002 and June 2002, respectively. It was agreed to extend these two projects until end December 2002 within the original project grants, pending appraisal and approval of the second tranche of the NRM component support.

Appraisal of the next tranche of the component support is scheduled in May/June 2002. Activities to be appraised will include (i) a second and final phase for the IPM project; (ii) a second phase for the community forestry project, and (iii) support to Seila NRM mainstreaming. In view of the limited funding available for 2002, consideration of the Cambodian component of the IUCN/GEF /UNDP Mekong wetlands biodiversity project, and the Inventory and Management of Cambodian Wetlands project proposed by MOE (phase 2 of an earlier project funded via MRC) was deferred until adequate funds, necessary priorities and a tangible design and formulation of the present project proposal had been made available and worked out in detail.

With reference to the planned expansion of CONCERN's community forestry programme in Cambodia, Denmark stated its support for the selection of one of the Lower Mekong provinces as target area for expansion of its activities under the Danida support.

In response to Denmark's query on the progress of the Forest Crime Monitoring and Reporting Project, and the current and envisaged future role of Global Witness in this, Cambodia referred to the recent FAO backstopping mission, which made various recommendations for improved operation of the project. There is need for the key stakeholders RGC, Global Witness, FAG, UNDP, World Bank and DFID to agree to a way forward. It should be possible to identify areas where agreement can be reached, park areas of disagreement, and conclude whether there is an acceptable way forward for the project. Cambodia assured that the Ministry of Agriculture, Forestry and Fisheries would cooperate fully with Global Witness. Denmark looked forward to the early successful resolution of pending issues, and informed that Danida would be liaising closely with DFID, in this regard.

Possible integration of follow-up activities to the current Cambodian Tree Seed Project, funded under the regional Mifresta frame, and which can be seen as an important contribution the forestry sector within the NRM component was considered. Denmark encouraged continued cooperation between the Regional Tree Seed Project and activities under the NRE Programme, and stated readiness to consider integration of future activities in Cambodia of the regional project into the NRE Programme, if appropriate, and in line with Programme priorities.

The Head of the Danish delegation underlined the importance of having a dialogue on ratification and implementation of international conventions. He welcomed the fact that Cambodia had signed many of the international conventions in Environment. He however took note of the fact that Cambodia had not signed the Kyoto protocol yet. He expressed hope that Cambodia would sign and ratify it soon. He further stated that Denmark is willing to discuss funding of convention related activities within the budget frame for environmental assistance to Cambodia.

Support to Demining operations in Cambodia - CMAC

Reference was made to the 5,0 million DKK funding approved in 1999. Due to the findings and recommendations of an external audit the funding was frozen and 4 Danish demands for unfreezing were raised. Based on a recent submission from UNDP the Danish delegation informed that the 4 Danish Demands have been met. The amount will be transferred in 2002 to the UNDP trust fund for CMAC after signature of agreement between the Embassy and UNDP.

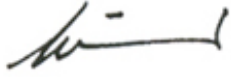
6. Other Issues

The Danish delegation stated that all financial statements made in these Agreed Minutes were subject to approval by the competent Danish authorities.

It was agreed to hold the next round of Annual Consultations in April 2003 in Phnom Penh.

Phnom Penh, 24 April 2002

For the Royal Government of Cambodia



Keat Chhon, MP
Sr. Minister of Economy and Finance
First Vice-Chairman of CDC

For the Government of Denmark



Einar H. Jensen
Head of Department of the ASEAN
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The Royal Government of Cambodia:

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NRE Programme Overview/Financial Balance

File Ref.	Component / Project Title	Implementing Agency	Funding Date	Date of Agreement	Project Period	Status	in DKK			
							Approved Grant	Disbursed Till End 2001*	Grant Balance	
I Capacity Development, Environmental Education and Monitoring										
Camb.1.MFS.8	National Capacity Development Project (NCDP)	CDC, MOE, MAFF, MIMÉ,	16-May-2001	12-Sep-2001	3 Dec 2001 - 2 Dec 2006	ongoing	49,900,000	1	73,600	49,826,200
Camb.1.MFS.11	CDRI - Rural Livelihoods and Environment	MOWRAM, MLMUPC CDRI	21-Mar-2002	4-Apr-2002	4 Apr 2002 - 3 Apr 2004	ongoing	2,910,000	-	-	2,910,000
II Land Use Planning										
Camb.1.MFS.3	Environmental Mgt in the Coastal Zone, Phase 2	MOE	2-Feb-2000	8-Feb-2000	24 Mar 2000 - 23 Mar 2002	ongoing	14,861,817	-	10,021,827	4,839,990
Camb.1.MFS.10/1	Environmental Mgt in the Coastal Zone, Phase 3	MOE	14-Nov-2001	14-Feb-2002	5 years	in tender	26,950,000	-	-	26,950,000
Camb.1.MFS.10/2	Sustainable Mgt of the Krab Chhay Watershed	MAFF/DFW low Sihanoukville Municipality	14-Nov-2001	26-Feb-2002	3 years	in tender	16,900,000	-	-	16,900,000
III Urban, Industry and Energy Environment										
	Solid Waste Management	MOE low Sihanoukville Mun	-	-	3 years	under appraisal	15,000,000*	2	-	-
IV Natural Resource Management										
Camb.1.MFS.5	Integrated Pest Management (IPM), Phase 1	MAFF/DAALI	10-May-2000	31-May-2000	1 Sept 2000 - 31 Aug 2002	ongoing	14,834,000	-	9,119,857	5,514,143
Camb.1.MFS.7	CONCERN Community Forestry, Phase 1	CONCERN Cambodia low MRD and DFWM/MAFF	3-Nov-2000	11-Dec-2000	11 Dec 2000 - 11 Jun 2002	ongoing	4,764,000	-	3,080,101	1,713,899
SEA.1.MFS.6	Regional Tree Seed Project - Cambodia Component	MAFF/DFW	14-Jul-1999	14-Jul-1999	14 Jul 1999 - 14 Oct 2003	ongoing	5,209,212*	3	1,927,823*	-
SEA.1.MFS.8	Regional Tree Seed Project (Addendum)	MAFF/DAALI	-	2-May-2001	-	3 years	14,000,000**	4	-	-
	Integrated Pest Management (IPM), Phase 2	MAFF/DAALI	-	-	-	3 years	12,000,000**	4	-	-
	Support to SEILA	Seila Task Force	-	-	-	3 years	5,000,000**	4	-	-
	Mekong Wetlands Biodiversity Project (Camb. Comp)	IUCN	-	-	5 years	proposal	15,000,000**	2	-	-
	Inventories & Mgt of Cambodian Wetlands Project	MOE	-	-	3 years	proposal	16,800,000**	2	-	-
V Embassy Local Grant Authority										
Camb.1.MFS.2/1	Consultancy - Outry Mea	-	21-Aug-2000	21-Aug-2000	Aug 2000-Jul 2001	completed	103,000	-	82,850	20,150
Camb.1.MFS.2/2	Minor Project - MFS Global Witness	Global Witness	28-Nov-2000	28-Nov-2000	1 Dec 2000 - 24 Oct 2002	ongoing	2,817,838	-	1,558,750	1,258,888
Camb.1.MFS.2/3	Consultancy - Interim NRE Office, L. Kestap	-	23-Nov-2000	24-Nov-2000	1 Dec 2000 - 31 May 2001	completed	176,078	-	171,695	4,213
Camb.1.MFS.2/4	Consultancy - UNOPS, SEILA NRE Strategy	Seila Task Force	25-Apr-2001	1-May-2001	1 May - 30 Oct 2001	completed	498,600	-	497,784	896
Camb.1.MFS.2/5	Minor Project - NRE Prog Coordination, CDC	CDC	22-May-2001	5-Jun-2001	1 Jun - 30 Nov 2001	completed	774,300	5	752,789	21,531
Camb.1.MFS.2/6	Minor Project - MOC CDM National Seminar 2001	MOE	1-Oct-2001	17-Oct-2001	1 Oct 2001-31 Jan 2002	completed	342,780	0	327,645	15,135
Camb.1.MFS.2/7	Minor Project - Bank Sena	Bank Sena	27-Nov-2001	27-Nov-2001	1 Dec 2001 - 30 Jun 2002	ongoing	343,570	-	216,215	125,355
Camb.1.MFS.2/8	Minor Project - Save Cambodia's Wildlife	Save Cambodia's Wildlife	27-Nov-2001	27-Nov-2001	1 Dec 2001 - 30 Nov 2002	ongoing	201,385	-	174,372	86,813
	Minor Project - RUPP Materials Development	RUPP	-	-	3 years	proposal	1,500,000**	2	-	-
VI										
Camb.1.MFS.4	CMAC - Demining	CMAC	23-Apr-1999	-	2 years	agreement signing	5,000,000	-	-	5,000,000
Total - Cambodia Mifresta							141,267,168	**	20,050,045	115,187,423

* from Danida LED2 reports

** includes only approved grants under Cambodia Mifresta frame

1/ includes the amount of DKK 13.4 million approved for a Danida office in Phnom Penh for the purpose of overall supervision and management of the Danida-funded environmental activities in Cambodia.

2/ from funding proposal

3/ funded under regional MIFRESTA frame

4/ proposed allocation within the 2002 commitment frame

5/ reduction from DKK 883,649 approved on 13 Sept 2001

6/ adjusted from DKK 315,200 due to change in exchange rate from DKK 8 to 8.7/USD

April 2002

Proposed Allocation of the 2002 Commitment Frame

	<i>Million DKK</i>	<i>Comment:</i>
Danida Board Presentation:		
- Community Forestry (CONCERN)	12.0	A package of 3 projects (31.0 million DKK) to be presented to the Danida Board in October 2002.
- SEILA NRM Strategy	5.0	
- IPM - Phase 2	14.0	
Region Office(S.10):		Administrative approval in Copenhagen.
- Cambodia Development Resource Institute(CDRI)	3.0	Approved on 21 March 2002
Embassy Local Grant Authority (LGA)	4.5	Grant administrated by the Rolyal Danish Embassy in Bangkok. Funds will be allocated to a proposal forwarded by Royal University of Phnom Penh. The remaining funds are unallocated and can be considered for proposals received and/or initiative identified by the NRE co-ordinator and/or the Embassy.
Short Term Consultancy (Including local support studies):	1.5	1) For field appraisal of projects to be presented to the Danida board if required, and 2) for formulation of projects to be appraised and funded in 2003.
Total Commitment Frame:	40.0	

The exchange rate: 1 USD is approximately 8.50 DKK

Process Action Plan (PAP)

Activities	Timing	Responsible	Notes
Mifresta Program in Cambodia			
Final APR Mission Report	8 March	APR team	PSO to be completed by 8. April
Preparation for Annual Technical Consultaion	by mid April	CDC and NRE Office	All parties
Annual Technical Consultation	23-24 April	RGC and Government of Denmark	
Establishment of the Danida office in PP	September	Danida Office	
NRM Component(Project Package)			
Embassy to submit TOR for pre- or appraisal mission for NRM Package	19 April	RDE	S.10 to review TOR and submit to TSA
Preparation of Draft PD for IPM project Phase II	15 April	MAFF	In consultation with CDC/NRE Office
Preparation of Draft PD for Community Forestry, Concern International	15 April	Concern	
Draft PD for SEILA- Strategy framework and piloting	19 April	SEILA	
Stakeholder consultation on NRM package	May June	MAFF SEILA Concern	CDC/NRE office to facilitate the process
Final TOR for NRM Projects	8 May	Danida TSA, HQ	Identification of external consultant(s)
Pre or appraisal Mission for NRM project	June	TSA TSA	Exact timing of the appraisal to be discussed with RGC S.10 to request TSA assistance/agreement on timing.
Appraisal Report	July		
Preparation of Final PD's	August	MAFF SEILA Concern	In consultation with CDC/NRE Office
Preparation of Draft Danida Board Paper	August	Danida Office, Phnom Penh	
Final Danida Board Paper and presentation to the Danida Board	Oct.	S.10	
Government Agreement	Nov.	CDC and RDE/Danida Office	
Launch of NRM package	Dec.		
Other Projects			
Approval of CDRI Project	end March	S.10	Embassy to sign Agreement with CDRI in April
Approval of RUPP project	2002	RUPP and Embassy	Input from AIT on quality assurance

NRE Programme - Summary of Component Activities

Table 6: NRE Programme – Summary of Component activities (Draft Update, 23 April 2002)

<i>NRE Programme</i>	On-going and Approved Projects	Component activities under preparation	Screened topics for coming component activities
Component 1: Capacity development, environmental education and monitoring	<ul style="list-style-type: none"> National Capacity Development Project (2001-2005) Rural Livelihoods and Environment - CDRI (2002-2004) 		<ul style="list-style-type: none"> Environmental Education and Awareness Raising (deferred) Provincial Capacity Development in Environment (deferred)
Component II: Land-use Planning	<ul style="list-style-type: none"> Environmental Management in Coastal Zones (phase 2: 2000-2002) (phase 3: 2002-2007) Sustainable Mgt of the Kbal Chhay Watershed, Sihanoukville, 2002-2005 		<ul style="list-style-type: none"> Land-use planning in Coastal and Southern Provinces (for funding in 2003)
Component III: Urban, industry and energy environment		<ul style="list-style-type: none"> Municipal Solid Waste Management, 2002-2005 (deferred) 	<ul style="list-style-type: none"> Urban Environmental Management and Cleaner Production (deferred) Renewable Energy (deferred)
Component IV: Natural resource management	<ul style="list-style-type: none"> Integrated Pest Management (phase 1: 2000-2002) Community Forestry CONCERN, phase 1: 2001-2002) 	<ul style="list-style-type: none"> Integrated Pest Management, Phase II: 2003-2005 Community Forestry, CONCERN, Phase II: 2003-2005 Support to SEILA NRM activities 	<ul style="list-style-type: none"> Wetlands Management (deferred) NGO/CBO funding facility for CBNRM projects (for consideration in next APR - 2003)
Local Grant Authority of the Royal Danish Embassy in Bangkok	<ul style="list-style-type: none"> Support to Forest Crime Monitoring (Global Witness) Capacity Devt of Santi Sena Org for NRM Wildlife Protection Awareness Raising thru NFE Network (Save Cambodia's Wildlife) 	<ul style="list-style-type: none"> BSc Env Science Materials Development (Royal University of Phnom Penh) Royal University of Phnom Penh (Environmental Education) 	<ul style="list-style-type: none"> <i>(others to be identified)</i>
Others	<ul style="list-style-type: none"> Support to Capacity Bldg in Demining Opeartion CMAC 		

Status: April 2002