

Response by Components to Recommendations in the Mid Term Review Report (MTR) and Aide memoire (AM)

Country/ Component	Recommendation in MTR Report or Aide Memoire	Response from respective component (June 2013)
RPEA		
MTR Rep/AM	The MTR recommends that a second phase be implemented upon project completion to consolidate the current work and to scale up the intervention to encompass all peatland forests in the ASEAN region. In this regard, the MTR urges that the project implementing and executing agencies begin to articulate the strategic areas to be addressed in the second phase at the earliest possible time.	Process to prepare a second phase is underway and a concept paper was circulated in April 2013 and discussed with IFAD in May 2013. To be discussed further in PMM in July 2013
AM	A document explaining the process of allocating costs against these different funding sources be included in the financial management system Because the project is being implemented concurrently with the European Union-funded SEApeat project	A document has been prepared to document the existing process of allocating costs to SEApeat and APFP.
AM	RPEA/GEC should update and maintain a contract log to monitor contract start and completion dates, payments and milestones/progress	Contract log has been prepared
AM	GEC should establish procurement thresholds and reference them when determining the method for the procurement of goods and materials.	Existing GEC procedure of procurement thresholds for procurement of goods and materials has been documented for the APFP project
Overall		
MTR Rep/AM	In the remaining implementation period, the project however needs to make a few course corrections to accelerate the achievement of results. These can include the reduction of hotspots and the incidence of fire in risk-prone areas; the rehabilitation of degraded sites; and support for local livelihoods, including the provision of incentives for involvement in the project such as buying a living tree system in the Philippines, the seedling buy-back system in Malaysia and the Green Contract in Viet Nam.	<p>RPEA: The 2013 AWPB has been adjusted to give more focus for site based activities to reduce fires, rehabilitate degraded sites and support local livelihoods and provide incentives for sustainable management.</p> <p>Malaysia: Relevant changes have been made in Malaysia's CAWPB 2013 to reflect these concerns.</p> <p>Philippines: In the case of the Philippines the BLTS has been endorsed by President Aquino last November 2012. The lead agency is the Bureau of Fire Protection with support from the DENR and DSWD.</p>

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		Discussion is still on-going for its Operations Manual and the actual terms of incentive to be provided to peatland communities for its pilot implementation.
MTR Rep/AM	More efforts could be concentrated on water-level management through canal blocking in peatlands	RPEA: Guidelines for integrated management, BMP for agriculture and plantations to be produced in 2013 will include emphasis on water management. Site based activities will also emphasise this issue.
MTR Rep/AM	Seedling mortality rate in some countries of above 50 per cent is high and needs to be reversed	RPEA: Adjustments in strategy have already been taken at relevant sites to enhance survival rate of seedlings. Malaysia: The problem is being addressed by the respective countries.
MTR Rep/AM	The project should seek managerial support for postponing the transfer of key officers to ensure that they are kept with the project until its completion. The current officers should initiate planned activities not yet undertaken and expedite ongoing activities	RPEA: This has been emphasized to all components. Meetings have been held by the RPEA and a) Malaysia component in January and April and June and b) Indonesia component in March and June 2013 and Vietnam Component in April 2013 to review progress and expedite remaining activities.
MTR Rep	Country components should follow the guidance in the sub-agreements and the PPM, and where there is inconsistency or opaqueness, clarification should be sought from the RPEA, the ASEAN Secretariat or IFAD. For example, all country components should have a bank account and all financial transactions should be undertaken through this account	RPEA: This has been emphasized to all components and will be monitored by ASEC/RPEA
MTR Rep/AM	Areas for improvement in financial management include: monthly bank and project account reconciliation; make it a standard practice to use a memorandum of understanding (MOU) for governing the transfer of funds to the subnational level as done by Indonesia; and speed-up disbursement levels.	RPEA: This has been emphasized to all components and will be monitored by ASEC/RPEA

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MTR Rep/AM	Changes in procurement plans and costs associated with consultancy services between US\$20,000 and US\$60,000 and contracts for works between US\$30,000 and US\$100,000 need prior review by the ASEAN Secretariat. Consultancy contracts above US\$60,000 and work contracts above US\$100,000 need prior review by IFAD (channeled through the ASEAN Secretariat).	RPEA: This has been emphasized to all components and will be monitored by ASEC/RPEA. Malaysia component has made submission in this to ASEC in March 2013.
MTR Rep/AM	Project organizes another joint work session on financial procedures similar to that convened by ASEC/RPEA in February 2012 in order to facilitate implementation and optimize budget use. The same session could also identify mechanisms for easing implementation delays and consider reallocating funds (Malaysia and Indonesia) to support the livelihood enhancement activities of local communities engaged in peatland protection.	RPEA: Rather than a formal meeting it was felt to be more efficient and effective to have separate discussions with each component on this matter. Meetings and work discussions were conducted with KLH, Indonesia component and ASEC (27 March and 26 June) and FDPM, Malaysia component (January, 1 April, 30 May) to address any outstanding issues in the project implementation. Malaysia: The work is overseen by the National and State-level Working Committees that facilitate implementation of project activities and optimization of budget use, including reallocation of funds. National Technical committee meeting met in Miri on June 28-29.
Indonesia		
MTR Rep/AM	Establish and manage thresholds for petty cash based on Government procedures, which should be the only form of cash payments for day-to-day operational activities while all other payments are to be made via cheque or bank transfer to account payee of vendor, supplier, services providers and staff. The modality introduced for transferring funds to Riau province using a MoU and bank transfers should constitute the norm	It is in accordance with Regulation of Director General of Treasury of Ministry of Finance Number: 66/PB/2005 concerning Payment Mechanism of State Budget; Threshold of petty cash in KLH is IDR 20 million (approx. US\$2000); KLH has applied bank transfer to BLH (Riau) and cheque book for goods and services.
MTR Rep/AM	The cash advances disbursed to the Provincial level must be accounted as advances by the Project Office in the cash book and settled as and when expenditure statements and reports	The procedures will be improved. KLH will explain to BLH (provincial agencies) that the cash advance disbursed to BLH is accounted as

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	are submitted to the Project Office	cash advance; Audit process was conducted in Riau in April 2013.
MTR Rep/AM	Update fixed asset register with serial numbers of assets, and ensure the issuance of fixed assets to individual staff/other offices (as appropriate) is adequately recorded and periodically reconciled with the fixed asset register. Reconcile fixed assets value with the information established from the invoice and payment documents.	Assets for 2011 has been registered following the table of PPM. For other equipments will be registered, recorded, and reconciled before 31 March 2013
MTR Rep/AM	The Mission recommends that KLH and the Project adhere to the provisions of the National Procurement Guidelines. KLH and the Project should ensure, in accordance with the appropriate guidelines, principles and regulations to carry out procurement, demonstrating efficiency and economy, to avoid undue implementation delays and to achieve value for money.	The procurement process will be improved and implemented. In 2013, the procurement procedure will follow both Manual and Electronic procurement service as part of Indonesia bureaucracy reform.
MTR Rep/AM	The Project should ensure adherence to the Sub-Grant Agreement and the provision of the PPM which requires any award of contract for procurement of goods valued above US\$30,000 equivalent, and services valued above US\$20,000 equivalent to be submitted to ASEC for its prior review. The award of contracts for goods estimated to cost above US\$100,000 and services estimated to cost above US\$60,000 need to be submitted through ASEC to IFAD for its prior review.	Submission to ASEC will be undertaken following ceiling in 2013. No contracts for goods estimated to cost above US\$100,000 and services estimated to cost above US\$60,000 planned in 2013.
MTR Rep/AM	As a means to facilitate the closure of any outstanding issues pertaining to controls, operations and compliance issues, it is proposed that the terms of reference of the annual audit be reviewed by both ASEC and IFAD for the provision of guidance	It is noted and will be implemented in the future; KLH will review the TOR of audit Copies have been provided to ASEC on 27 March 2013 for comment. Final TOR for 2012 was provided to ASEC in June 2012. The Auditor was required to study the accounting procedures and prepare management letters which were prepared in late June 2013
Malaysia		
AM	It is recognized that procurement plans are not	CAWPB 2013 and the associated

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	static and can evolve with changing circumstances. It is however important that any major changes made to the procurement plan be approved by ASEC during the inter PMM/PSC period.	procurement plan had been submitted to ASEC and approved. Requirement to consult with ASEC over any changes is noted.
AM	The Forestry Department of [Peninsular] Malaysia should expedite procurement of service providers or vendors in accordance with its approved National Procedures on an urgent basis to ensure the delivery of the activities.	Most of the project activities are carried out by FDPM through joint-venture or collaborative partnership arrangement, except for the Integrated Management Plan contract which will be tendered out.
Philippines		
AM	A greater use of plots within the submerged degraded sites for crops and fisheries should be encouraged to enhance local livelihoods.	Noted. Under the project BLTS, there is a small component on livelihood to be funded by the Dept. of Social Welfare and Development (DSWD). The APFP-Philippine Component through PAWB-DENR was tasked to identify appropriate livelihood within the scope of the BLTS Proj and the recommendation will be considered, to the extent possible.
Vietnam		
MTR Report/AM	Meetings among the various committees should be held more frequently, and more training programmes on peatland management should be organized in order to strengthen both individual and institutional capacities	Four technical training and workshops on peatland management will be organised in the pilot sites (UMTNP) in 2013.
AM	Bottlenecks to paying consultant should be solved urgently.	RPEA has continued to follow up with Vietnam to verify status of payments and has been informed that outstanding payment will be made by early July 2013.
IFAD		
MTR Report	IFAD should take greater efforts in monitoring the project to ensure that any bottlenecks are addressed speedily so that smooth running of the project and timely achievement of the outputs are not compromised	The MTR was successfully concluded and a range of implementation issues were addressed. At the next PPM/PSC a discussion on enhancing implementation support should be undertaken. Communication with the

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		RPEA is proposed for improving exchanges on implementation issues coinciding with the semi-annual reporting. RPEA organized a meeting with IFAD in May 2013 to review progress and issues arising from the MTR.
MTR Report	IFAD should be more aware of national and local procedures so that contingency plans can be arranged in the interim period between disbursement of grants to avoid unnecessary delays in implementation.	Lessons learned from the APFP project start-up have been documented within IFAD for informing future multi-country initiatives.
AM	More timely response to questions of clarification should be forthcoming and efforts should be made to simplify procedures.	A Portfolio Support Officer has been recruited to provide implementation support, monitor progress and respond to procedural issues.