

**Annex 1**  
**REHABILITATION AND SUSTAINABLE USE OF PEATLAND FORESTS**  
**IN SOUTH EAST ASIA**

**PROJECT INCEPTION MEETING**

**LIST OF PARTICIPANTS**

**23-25 NOVEMBER 2009**

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**Annex 2**  
**REHABILITATION AND SUSTAINABLE USE OF PEATLAND FORESTS**  
**IN SOUTH EAST ASIA**

**PROJECT INCEPTION MEETING**

**PROGRAM**

**23-25 NOVEMBER 2009**

<b><u>23 November 2009</u></b>	
0800-0830	Registration
0830	Opening Remarks
0845	Meeting Objectives & Confirmation of Agenda
0900-0915	Introduction from ASEAN and IFAD: From design to approval to implementation - Key issues
0915 - 1015	Presentation and discussion on Changes to Project Design, Implementation Arrangements, Annual Work Plan and Budget, and Procurement Plan – Indonesia and Malaysia Components
1015 - 1030	Tea break
1030-1130	Presentation and discussion on Changes to Project Design, Implementation Arrangements, Annual Work Plan and Budget, and Procurement Plan – Philippines, Viet Nam and Regional Components
1130-1230	General discussion on Changes to Project Design, Implementation Arrangements, Annual Work Plan and Budget, and Procurement Plan (Cont'd)
1230-1400	Lunch break
1400-1800	Working session to finalize Changes to Project Design, Implementation Arrangements, Annual Work Plan and Budget, and Procurement Plan
2000	Dinner
<b><u>24 November 2009</u></b>	
0830-1000	Presentation and discussion on Monitoring, Evaluation and Reporting Lines: Special Requirements from GEF Project supervision and evaluation requirements
1000-1030	Tea break
1030-12.00	Presentation/discussion on Project Implementation Manual (PIM)/ Project Procedures Manual (PPM)
1200-1300	Presentation/discussion on Project Financial Management: Presentation on Financial Management and Financial Procedures Manual (FPM)
1300-1400	Lunch
1400-1600	Presentation/discussion on Project Financial Management: Presentation on Financial Management and Financial Procedures Manual (FPM)
1600-1630	Tea Break
1630-1930	Presentation/discussion on Project Financial Management: Presentation on Financial

	Management and Financial Procedures Manual (FPM)
After Dinner	Working Session on revisions to PIM/ PPM Working session on revisions to the FPM
<b><u>25 November 2009</u></b>	
0830am-1030	Finalization of revisions to Country Components and Regional Component (based on discussions on Day 1)
1030-1100	Tea Break
1100-1300	Finalization of revisions to PIM/ PPM and FPM (based on discussions on Day 2)
1300-1400	Lunch



## IFAD/GEF Project on Rehabilitation and Sustainable Use of Peatland Forests in Southeast Asia

- ▣ ASEAN Peatland Management Initiative (APMI)
- ▣ ASEAN Peatland Management Strategy (APMS)
- ▣ **IFAD/GEF Project on Rehabilitation and Sustainable Use of Peatland Forests in Southeast Asia**
  - ▣ Global Environmental Facility Grant of US\$4.3 million
  - ▣ Co-financing of US\$10.2 million
  - ▣ Four years commencing July 2009
  - ▣ International Fund for Agricultural Development (IFAD) as implementing agency
  - ▣ ASEAN Secretariat as executing agency

## Project Development (May 2005 – May 2009)



## Project Components

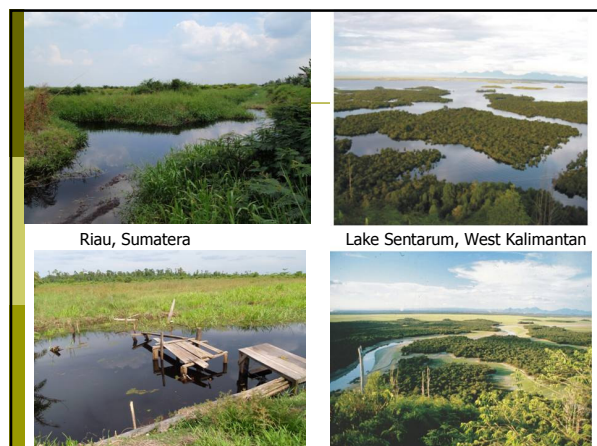
- ▣ Indonesia
- ▣ Malaysia
- ▣ Philippines
- ▣ Viet Nam
- ▣ Regional
  - ▣ Regional activities
  - ▣ Coordination and technical support

## Highlights of Key Project Activities

## Indonesia

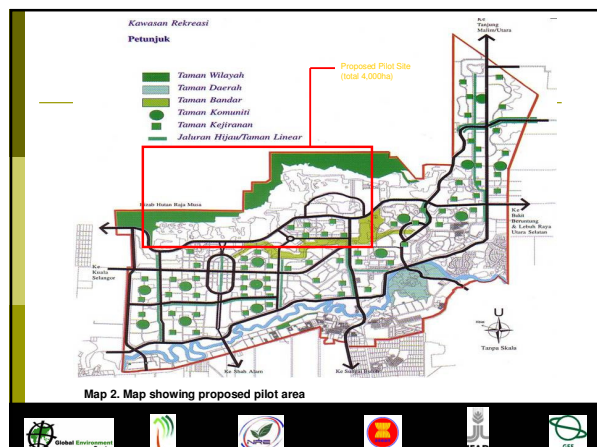
- ▣ National – policy support and capacity building
- ▣ Focus on integrated planning, community and plantation sector involvement
- ▣ Pilot sites:
  - ▣ Kampar District, Riau Province – **440,947 ha**
  - ▣ Siak District, Riau Province – **75,000 ha**
- ▣ Demo sites:
  - ▣ Central Kalimantan Province (ex Mega Rice Project) – **1,000,000 ha**
  - ▣ Lake Sentarum, West Kalimantan Province – **130 ha**
  - ▣ Rokan Hilir District, Riau Province – **87.57 ha**





## Malaysia

- National: policy support and capacity building, sharing experience and lessons learned
- Pilot area: North Selangor Peat Swamp Forest – **4,000 ha**
- Demonstrating rehabilitation through partnership with private sector



## Philippines

- Pilot site:
  - Leyte Sab-a Basin, Visayas – **1,740 ha**
- Caimpugan Peatlands, Agusan Marsh, Mindanao – est. 1,000 ha – target for pilot activities



## Viet Nam

- National: Policy support, public awareness, and capacity building
- Pilot Area:
  - U Minh Thuong National Park – **21,000 ha**
    - Core Zone: 8,509 ha
    - Buffer Zone: 13,292 ha



## Key Regional Activities

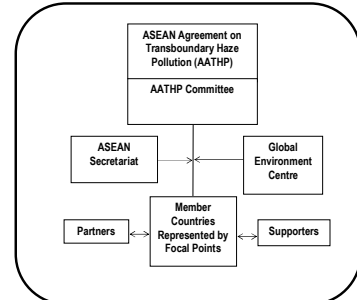
- **Capacity for implementation of APMS enhanced**
  - Support and promote APMS and NAPs
  - capacity building and awareness
  - resource mobilisation mechanisms
  - Regional technical support and country guidance
- **Regional mechanisms for promoting sustainable peatland management**
  - regional peat fires prediction and monitoring
  - Biodiversity conservation priority development
  - Studies on carbon storage and climate vulnerability
  - Guidelines for integrated management of peatlands
- **Regional Network of demonstration sites**
- **Guidelines for responsible use of peatlands for oil palm and forest plantations**

## Financial Allocation

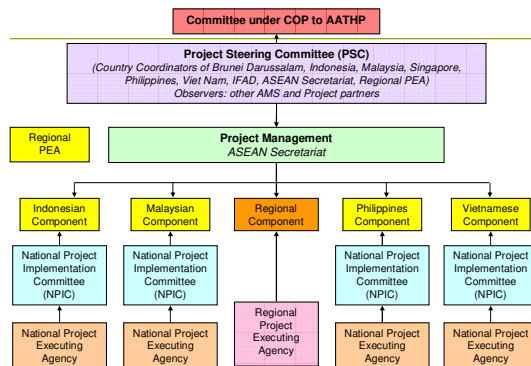
Components	Approved GEF Funding	Co-financing
Indonesia	1,200,000	3,655,000
Malaysia	880,000	1,380,457
Philippines	262,000	370,000
Viet Nam	230,000	335,000
Regional	1,381,514	3,655,000
<b>Total</b>	<b>4,299,164</b>	<b>10,207,457</b>

## Project Linkage to APMI & APMS Mechanism

- The project will be implemented within the existing arrangements of the APMI and APMS



### Organisational Structure for Project Management and Implementation/ Execution Arrangements of the Project



### Implementation arrangements

- Project Management/Implementation of regional component - ASEAN Secretariat
- Regional Project Executing Agency (RPEA) - Global Environment Centre (GEC) would provide technical and operational support for project implementation and facilitate the implementation of the regional activities.
- At country level- each country would identify a lead agency at the country level, and at the pilot site level.
- National and local project Implementation committees will be established at the national and local level as appropriate
- The appointment of a National Coordinator needs to be confirmed as well as the national staffing and administration arrangements.

## Recent Developments

- The Grant Agreement between the President of IFAD and Secretary-General of ASEAN for the project was signed in March 2009
- Grant Sub-agreements between ASEAN Secretariat and participating countries (with national components) have been signed by Secretary-General of ASEAN and submitted for signature of the respective countries
- Project considered effective for implementation from 28 July 2009
- Proposed Regional Inception Meeting – November 2009
  - to officially launch the project and introduce the key activities to relevant stakeholders, invite collaborations and discuss the implementation plans
  - to review progress of national and regional components and preparation of workplan for 2010

## Priority Regional Activities to be undertaken between July- December 2009

- Support and promote implementation of APMS and its National Action Plans (NAPs) through technical advice and networking
  - Support for countries to finalise and adopt their NAPs
  - Translation of APMS into various languages
- Provide technical support and capacity building to ASEAN countries to assess peatlands and finalise or update their respective NAPs
  - Support national training-of-trainers in peatland assessment through provision of experts
- Prepare a communication strategy for the project which includes identifying stakeholders/partners and to seek collaboration

#### Priority Regional Activities between July - December 2009

- ❑ Collate and refine documentation and maps on peatlands , integrate with hotspot monitoring and fire danger rating systems to develop a real-time warning system for peat fires.
  - ❑ **ASMC to assist in hotspot monitoring in the pilot sites to develop a more robust fire monitoring system for peatlands.**
- ❑ Generate updated information and documentation on extent, status, and management of peatlands in the region. Thailand's status report as guidance.
- ❑ An International workshop on peatlands and climate change proposed for November 2009 to raise awareness globally on sustainable management of peatlands and its importance in relation to climate change and biodiversity.



*Thank you*

Rehabilitation and Sustainable Use of  
Peatland Forests in South East Asia

REGIONAL INCEPTION MEETING (IW) AND  
FIRST REGIONAL PROJECT STEERING COMMITTEE (PSC)  
MEETING

**KEY ISSUES AND  
THE WAY FORWARD**

23-26 November 2009  
Kuala Lumpur, Malaysia



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**Milestones and main dates**

- Approval by GEF CEO: August 2008
- Grant Agreement signed: February 2009
- Grant Agreement effective: 28 July 2009
- Start-up of the project: November 2009\*
- Duration: 4 years (January 2010-December 2013)\*
- Mid-term review: First semester 2012\*

\* GEF milestones need revision



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**Some key issues**

- Partnership in action: Roles and functions
- Management of GEF funds: Responsibilities
- Supervision and implementation support
- Monitoring and evaluation
- Financial administration and auditing



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REGIONAL INCEPTION MEETING (IW) AND  
FIRST REGIONAL PROJECT STEERING COMMITTEE (PSC)  
MEETING

**M&E, SUPERVISION AND  
IMPLEMENTATION SUPPORT**




23-25 November 2009  
Kuala Lumpur, Malaysia

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Rehabilitation and Sustainable Use of  
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**INDEX**




- A. IFAD roles and responsibilities
- B. Supervision and implementation support
- C. IFAD and GEF project cycle services
- D. GEF M&E

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**A. IFAD ROLES AND RESPONSABILITIES (1)**



- IFAD, specialized UN agency established in 1977
- Main objective is **financing projects** designed to improve food production in the poorest food-deficit countries and to enhance the incomes, productivity and nutritional status of the **rural poor**
- Article 7 of the *Agreement Establishing the International Fund for Agricultural Development* stipulates that "The Fund shall make arrangements to **ensure that the proceeds of any financing are used only for the purposes for which the financing was provided**, with due attention to considerations of economy, efficiency and social equity."

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**A. IFAD ROLES AND RESPONSABILITIES (2)**




- Assist the grant parties in the interpretation of Grant documents
- Facilitate project implementation
- Monitor compliance with Grant documents
- Review, comment on and approve the AWP&B
- Review and approve for payment the Recipient's Withdrawal Applications
- Review and provide "No Objection" to the procurement of goods, civil works and services

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**A. IFAD ROLES AND RESPONSABILITIES (3)**




- Project supervision (overall compliance)
- Implementation support (performance, impact)
- Grant administration (disbursement, procurement, audit)

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**B. IFAD SUPERVISION AND IMPLEMENTATION  
SUPPORT (1)**

- **Supervision** is the administration of loans and grants for the purposes of the disbursement of the proceeds of the loan and the supervision of the implementation of the project or programme concerned.
- It ensures compliance with loan covenants, procurement, disbursement and the end-use of funds, and is an effective tool for promoting economy, efficiency and good governance.

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## Rehabilitation and Sustainable Use of Peatland Forests in South East Asia

### B. IFAD SUPERVISION AND IMPLEMENTATION SUPPORT (2)

- **Implementation support** focuses on development impact based on assessment of progress against agreed indicators embedded in an effective monitoring and evaluation (M&E) system, joint identification of problems and solutions with recipients and implementers, and agreement on suitable actions to achieve the project's development objectives



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## Rehabilitation and Sustainable Use of Peatland Forests in South East Asia

### B. IFAD SUPERVISION AND IMPLEMENTATION SUPPORT (3)

- **Supervision mission** are mounted to review progress of one or more projects/programmes and to assist implementing agencies and Government in improving project implementation
- **Deliverables:**
  - Aide memoire
  - Management letter
  - Supervision report



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## Rehabilitation and Sustainable Use of Peatland Forests in South East Asia

### B. IFAD SUPERVISION AND IMPLEMENTATION SUPPORT (4)

- **Loan/grant administration** is the part of the supervision process that deals with disbursement and flow of funds, procurement of goods and services, and financial control and management aspects of implementation such as budgeting and accounting, financial planning and reporting and audit
- Loan/grant administration as defined above is the overall responsibility of IFAD in projects/programmes funded by the Fund



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## Rehabilitation and Sustainable Use of Peatland Forests in South East Asia

### C. IFAD AND GEF PROJECT CYCLE SERVICES (1)

GEF project cycle and associated services:

- The GEF project cycle consists of four phases: (i) concept development; (ii) project preparation and appraisal; (iii) project implementation; and (iv) project completion and evaluation
- The GEF Agencies provide a core set of services to manage a project through the various phases of the project cycle
- The GEF introduced in 2000 a Fee-based System for the recovery of reasonable costs incurred by GEF Agencies for the provision of Project Cycle Management Services (10 % of project cost)



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**Global Environment Facility**

GEF C.31.9  
May 15, 2007

GEF Council  
June 12-15, 2007  
Agenda Item 15

**GEF BUSINESS PLAN FY08-10 AND  
FY08 CORPORATE BUDGET**

**ANNEX 1B: PROJECT CYCLE MANAGEMENT SERVICES<sup>14</sup>**

The GEF project cycle consists of four phases: (i) concept development; (ii) project preparation and appraisal; (iii) project implementation; and (iv) project completion and evaluation.

There are also four decision points by the GEF Secretariat in the preparation and approval of a project: (i) Secretariat review and agreement to concept; (ii) Secretariat review and approval of PDF B/C, if requested; (iii) inclusion of project proposal in the work program to be submitted to the Council; and (iv) CEO endorsement.

To manage a project through the various phases of the project cycle, the Implementing Agencies and Executing Agencies (under the Expanded Opportunity Initiative) provide a core set of services for each project. Identified in the following tables are minimum sets of such services for the different types of GEF projects.

These services are carried out in accordance with each agency's applicable operational policies and procedures. In particular, the Instrument mandates the agencies to apply to GEF projects their standard due diligence requirements related to financial, economic, legal, environmental, social, and technical aspects, which vary by project type.

Project Cycle Management Services Full-size projects		
Phase of Project Cycle	Minimum Role of Implementing Agency/Executing Agency	Output
<b>Project Appraisal</b>	<ul style="list-style-type: none"> <li>• Approve project and finalize project implementation arrangements, including mission travel.</li> <li>• Submit Final Project Document for CEO endorsement</li> </ul>	Final Project Document
<b>Approval and Implementation Supervision</b>		
<b>Project Approval and Start-up</b>	<ul style="list-style-type: none"> <li>• Prepare legal and other documentation for approval by IA approval authority</li> <li>• Assist project proponent establish project management structures in country</li> <li>• Assist project management agency draft TORs and select experts for implementation.</li> <li>• Facilitate project management agency with project start-up workshop.</li> </ul>	<ul style="list-style-type: none"> <li>• Project Document for Signature by Country</li> <li>• Project Initiation Report</li> </ul>
<b>Implementation Supervision</b>	<ul style="list-style-type: none"> <li>• Mount at least one supervision mission per year, including briefing operational focal points on project progress.</li> <li>• Provide technical guidance, as necessary, for project implementation.</li> <li>• Pay advances to the Executing Agency and review financial reports.</li> <li>• Prepare annual project implementation reports for submissions to GEF/IE.</li> <li>• Prepare and participate in PIRs.</li> <li>• Monitor and record project expenditure reports</li> <li>• Prepare periodic revisions to reflect changes in annual expenditure category budgets</li> </ul>	Annual Project Implementation Reports
<b>Mid-term Review</b>	<ul style="list-style-type: none"> <li>• Undertake mid-term review, including possible project restructuring. Send copy to GEF/IE.</li> </ul>	Mid-term Review Report
<b>Completion/Evaluation</b>	<ul style="list-style-type: none"> <li>• Prepare Project Completion Report/Terminal Evaluation, and submit the report to GEF/IE.</li> <li>• Prepare project closing documents</li> <li>• Prepare financial closure of the project</li> </ul>	Project Completion/Terminal Evaluation Report

#### D. GEF M&E POLICY (1)

GEF evaluations address five major evaluation criteria:

- **RELEVANCE**
- **EFFECTIVENESS**
- **EFFICIENCY**
- **RESULTS**
- **SUSTAINABILITY**



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#### D. GEF M&E POLICY (2)

GEF Council approved minimum requirements for M&E of GEF projects, for use of GEF Implementing Agencies:

- **Preparation of M&E plan during project design**
- **Application of M&E plan**
- **Project evaluation**



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#### D. GEF M&E POLICY (3)

M&E plan must contain at a minimum:

- **SMART indicators** for project implementation
- **SMART indicators** for results
- **Project baseline**
- **Identification of reviews** and evaluations which will be undertaken
- **Organizational setup** and budgets for monitoring and evaluation



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## Rehabilitation and Sustainable Use of Peatland Forests in South East Asia: Financial administration and management

**Inception Workshop  
Kuala Lumpur, November 2009**

1

## Grant Agreement No. GEF FSP 7 ASEAN

•IFAD has opened a Grant Account and credited  
USD 4 299 164

•Important dates: IFAD processes Payments  
from the Grant Account between the date of  
Grant Effectiveness ie 28 July 2009 and the  
Grant Completion Date ie 30 September 2013.  
Grant Closing Date is 31 March 2014.

2

## Reference Documents

- Grant Agreement (and amendments)
- Project Document
- Grant Sub Agreement between ASEAN Secretariat and the Project Parties
- Special Services Agreement between ASEAN Secretariat and the Regional Project Executing Agency
- Project Procedures Manual
- IFAD Procurement Guidelines
- IFAD Audit Guidelines
- IFAD Loan and Grant Administration Operational Manual
- IFAD General Conditions

3

## Project Management

Global Environment Facility

International Fund for Agriculture Development

ASEAN Secretariat

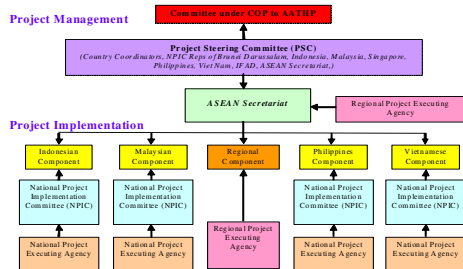
Global Environment Centre (RPEA)

National Project Parties

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## Project Governance



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## Participation in Financial Management Responsibilities: IFAD level

**IFAD is directly responsible for:**

- Declaring the grant agreement effective
- Disbursing the grant proceeds
- Approving the Projects Annual Work Plan and Budget
- Give a "no objection" Procurement and Service Contract
- Accounting for grant account
- Amending the grant agreement, (i.e. Extension of the grant completion and closing dates, reallocation of funds among categories, amendment of the content of the grant agreement)
- Suspending the grant for non-performance of contractual obligations
- Reviewing the Financial Statements of the Project for each Fiscal Year
- Supervising the Programme and reviews major non compliance
- Reviewing the Programme Audit reports
- Facilitate Programme Implementation
- Closing the Grant

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## Withdrawal of funds

### PRE-DISBURSEMENT CONDITIONS

- The Grant Account and related accounts will be opened
- The 4 sub agreements shall have to be signed and all conditions precedent to the effectiveness shall have to be fulfilled
- The First AWPB and procurement plan be submitted to and cleared by the Fund

### CONDITIONS

- Grant effectiveness
- Written Application from ASEAN Secretariat (original signed by an Authorized Representative)
  - Sufficient Balance in the Grant Account
- Above Minimum Threshold (not less than USD 20,000 or equivalent or such other amount as the Fund may designate from time to time)

### Eligibility of Expenditures

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## Grant USD Account

- The Recipient should open and maintain a USD Grant Bank Account in a Bank accepted by IFAD
- The Bank Accounts shall be protected against set off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund
- The maximum authorized allocation for each Grant Account (advance from IFAD) up to US\$ 500,000; Upon Grant effectiveness and/or other conditions as specified in the grant agreement, ASEAN Secretariat submits a Withdrawal Application to IFAD requesting the initial advance of the authorised allocation to the grant account
- IFAD will replenish the Grant Account After the Grant Accounts are opened, upon ASEAN Secretariat request and in accordance with the AWPB for the first Project Year, IFAD will replenish the Grant Bank Accounts in accordance with the AWPB and from time to time as requested by the Recipient
- IFAD will replenish the Grant Account only during the Project Implementation Period
- Is to be used exclusively to finance IFAD share of Eligible Expenditures

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## Eligible expenditures

IFAD monitors that the Grant proceeds are used to finance:

	Category	Grant Amount Allocated (expressed in USD)
I	Capacity Building for Sustainable Peatland Management	1 586 957
II	Reduction of Peatland degradation	914 757
III	Integrated Management and Rehabilitation of Peatland	713 795
IV	Multi stakeholder partnership	653 655
V	Project management	430 000

In conformity with administrative, technical, financial, environmental, agricultural and rural development practices and good governance

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## Ineligible expenditures

- Customs duties
- Taxes
- Consulting/other services
  - From non-member countries
  - Not acquired according to IFAD procurement guidelines (or applicable regulation/legislation)
  - That are not consistent with project descriptions or components or categories
  - Committed before grant effectiveness or after project completion date without the prior approval of IFAD

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## Disbursement Procedures

### Withdrawal Applications (WA) must be:

- Withdrawal maybe made in instalments acceptable to IFAD, provided that the Recipient has submitted a programme of work and estimated costs for each activities;
- Each instalment after the first withdrawal is subject to a submission of a detailed statement from each Project Parties, satisfactory to IFAD, showing utilization of at least 50% of the immediately preceding instalment and confirming that funds have been fully and exclusively used for the programme
- Each application must be in a form acceptable to IFAD and signed by a designated authorized official whose specimen signature has been provided to IFAD in advance;
- The WA must be signed by an authorised representative (Schedule 5 of the Agreement)
- Any such withdrawal shall be subject to the condition that sufficient funds for the project shall have been received by IFAD from the GEF Secretariat and deposited in the Grant Account

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## Statement of Expenditures

Withdrawals from the Grant Account may be made against certified Statement of Expenditures in respect of Eligible Expenditures

ASEAN Secretariat retains the supporting documentation (purchase orders, invoices, original receipts) and makes it available for verification (i.e. Supervision Missions/ Audit, etc)

Document to be retained for not less than five years after the last financial transactions between IFAD and the Recipients

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## TO SUMMARISE: First Disbursement - requirements



- ✓ Grant declared effective.
- ✓ Letter on authorized signatories received.
- ✓ Disbursement condition/s met.
- ✓ Procurement Plan approved.
- ✓ Withdrawal Application found in order.

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## Procurement Plan



- **PREPARED FOR 18 MONTHS** for all:
  - Activities related to the grant
  - Describing Method of Procurement for each of the above
  - Consistent with IFAD Guidelines
  - The cost of the procurement is not to exceed the availability of duly allocated funds as per the grant agreement
- **Prior Review and Approval Thresholds will be specified in Grant Agreement**

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## Financial Reporting



• Article V of grant agreement

• Fiscal Year: 1 January to 31 December

• Financial Statements to be submitted within 6 months after the end of the fiscal year

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## Audit Report



### Section 5.02 of Grant Agreement

### Section 9.03 of IFAD General Conditions

### Audit Guidelines (Beneficiary, IFAD)

#### Certified copy of Audit Report:

- ✓ Should be submitted no later than 6 months after the end of the Fiscal year –Suspension of disbursement is now mandatory if not received after 180 days from original due dates



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## Audit Requirements



• Audit Report must also include a separate opinion of the Auditor on:

- The Project Financial Statements
- The Grant Account
- The Statement of Expenditures

• The audit package should also include the **Auditor's management letter** which addresses the adequacy of the Programme/Project's accounting and internal control systems.

It is also recommended that the management reply together with the eventual implementation dates of the auditor's recommendations is delivered to the Fund together with the management letter.

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## Grant Closing: 31/03/2014



• **Final Statement of the Grant Account**

• Final Audit Report

• Project Completion Report

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 THANK YOU