

**Minutes of Local Project Appraisal Committee (LPAC) Meeting
on Towards Environmental Sustainability in Cambodia Project**

29 November 2018, 14:00 – 16:00 hours

Venue: The Plantation

1. Introductory and welcome remarks by Mr. Nick Beresford, Country Director, UNDP

Mr. Nick Beresford, UNDP Country Director and Chair of the LPAC meeting, began by welcoming the relevant Ministries, SIDA, and other members of the LPAC. He expressed to participants that this LPAC is an open forum to share comments, advice, and expertise on the proposed Towards Environmental Sustainability project to be presented by Ms. Moeko Saito Jensen. The proposed project is consciously an ambitious undertaking focused on three pillars: sustainable natural resource management, circular economy, and solar energy. The pinnacle of Towards Environmental Sustainability is to support Cambodia in achieving economic growth while making it more robust and sustainable.

The LPAC participants were invited to provide comments and expertise to ensure the project is sustainable, relevant, strategic, adequately monitored and evaluated, effective and efficient. The project's sustainability with real national ownership moving forward is imperative.

2. Welcoming remarks by Samuel Hurtig, Head of Development Cooperation, SIDA

Mr. Samuel Hurtig, Head of Development Cooperation for SIDA, expressed the importance of ensuring ownership on this project. His wishes are to ensure that the project is innovative and the measures that it pilots can later be replicated and rolled out fully in Cambodia. He expressed SIDA's appreciation to be partnering on this project and the importance of Towards Environmental Sustainability.

3. Welcoming remarks by H.E. Dr. Tin Ponlok, Secretary General, NCSD

H.E. Dr. Tin Ponlok, Secretary General, NCSD shared that this is the first LPAC meeting of the mandate and that it fulfills the priorities of the Rectangular Strategy, including climate change, natural resource management, and conservation. This mandate is the first time the Ministry of Planning has issued guidelines for preparation of sectoral strategic plans for the next five years to be used by line ministries and there are many cross-cutting issues in this document including environmental protection, biodiversity conservation, climate change and gender. Furthermore, NCSD and MoE have been working under coordination of the Ministry of Planning on SDG localization focusing on Goals that address cross-cutting issues such as sustainable city, biodiversity conservation, solar energy, waste management, and sustainable financing. NCSD

hopes that this project will generate a business model that considers technology and the need to develop legislation in order to ensure a workable solid waste management model. The project's focus on two specific geographic areas, Kep and Siem Reap, is critical because resources can be concentrated to provide studies on solid waste management, instead of spreading resources over a wide area and achieving limited impact. In the case of solar, it is important to take many factors into account. As this is a small project, H.E. Dr. Tin Ponlok shared the need to be strategic, effective, and conduct actions that generate lessons learned and policy implications that can be scaled up. He expressed his appreciation for everyone's contribution during this LPAC.

4. Opening remarks by H.E. Sao Sopheap, Secretary of State, MoE

H.E. Sao Sopheap, Secretary of State, MoE shared his appreciation for the strong commitment he has seen from SIDA as a partner in Cambodia, particularly with respect to climate change. He expressed that even a small pilot working on community-based natural resource management, waste management, and the circular economy are very relevant. Natural resource management is a key priority for the sixth mandate of the Royal Government and the community role in sustainable natural resource management is frequently highlighted. This project is contributing significantly to work on the Royal Government's agenda.

Waste remains a challenge in the sixth mandate, and it is his hope that Royal Government can find ways forward to bridge regulation and policy from the previous mandate to operationalization. There is a need to strengthen solid and liquid waste management practices at the subnational levels for more effective management. With respect to recycling, there needs to be a shift in mindset and cultivation of a culture dedicated to reducing and recycling wastes and reducing pressure on natural resources, while also utilizing natural resources and creating jobs. MoE therefore supports this component of the project and the renewable energy component. Supporting rooftop solar installation on top of MoE will showcase this focus, as well as joint crediting mechanisms supporting a solar system at Aeon Mall. This is a real opportunity for Cambodia to move forward with renewable energy, with emphasis on solar energy. His Excellency strongly supports this project on behalf of the Minister and the Ministry of Environment and wants to ensure it is effective and strategic over the coming years.

5. Presentation of the project by Ms. Moeko Saito Jensen, Senior Policy Advisor, UNDP and Mr. Ivo Besselink, Technical Advisor on Energy, UNDP

Background and theory of change

Cambodia has seen strong economic growth since 2000 with annual average GDP growth of 7%. This growth has been accompanied by the expansion of Economic Land Concessions, Social Land Concessions, hydropower stations, and infrastructures. Three sets of environmental challenges face Cambodia and the continuation of the country's sustainable growth: the

degradation of natural resources, a growing volume of waste, and access to clean and secure energy for all. In consultation with Government it was decided that the Towards Environmental Sustainability project is to focus on these three issues.

Issue 1: Sustainable natural resource management and biodiversity conservation

There has been a rapid change in Cambodia's forest cover over the past 50 years with a decline from 73% in 1965 to 48% in 2016. To preserve Cambodia's vital nature and biodiversity, the 2016 jurisdictional reform in natural resources expanded Cambodia's Protected Areas to more than 7 million ha reserved for conservation. While there is now enabling legal and policy framework in place, key challenges remain, including limited human resources to manage the 40% of land now managed by MoE and a lack of sustainable financing options. Community based natural resource management therefore presents an important opportunity to engage communities in managing these forest areas. In 2016 Government also made the decision to move forward with Payment for Ecosystem Services (PES) as a new sustainable financing option for protected areas. The two PES pilot projects include Phnom Kulen National Park and Kbal Chhay.

The priority activities to target this issue are to expand and strengthen the network of community based natural resource institutions, operationalize PES for scaling up, and pilot activities to promote sustainable production of natural resource products.

Issue 2: Solid waste management

Cambodia has seen an increasing volume of waste, particularly with population growth and the rapid expansion of industrial activities. UNDP's study on waste generation forecasted that levels would reach 100 million tonnes by 2050 if the current rate of waste creation continues. Today's waste generation to disposal model is linear. Circular economy turns this model around to make waste into something valuable.

This project targets waste management at both the municipal and industrial level. There is potential to partner with H&M at the industry level to reduce waste generation from the garment sector. The hope is that this project will identify new business models for circular economy measures that can be scaled up in the future in order to reduce the volume of waste and create new value.

Towards Environmental Sustainability will pilot a new business approach for municipal waste with Kep as the model city, pilot a new business approach for industrial waste, communicate and raise awareness of waste issues, and support the development of policies and measures on the circular economy.

Issue 3: Promoting solar energy

Government has set a target to connect 90% of households with grid electrification by 2030, yet energy challenges remain. Stable and secure energy provision and affordability is an issue particularly for rural households and 10% of the population may still not be connected to the grid by 2030. Solar energy presents an opportunity to solve some of these challenges. Current barriers for solar PV include quality standards of equipment, knowledge to regulate the solar sector

as it rapidly changes, a lack of experience with new business models, affordability of solar systems, coordination of actors, and evidence for policy making.

This project seeks to improve connectivity for 200 rural households directly benefited from solar technology, build technical capacity, provide strategic communication and awareness raising, and develop enabling policies for evidence-based studies (including de-risking solar energy investments and economics of solar).

Objective and outputs

Overall project objective: To assist Government in reaching SDGs related to natural resource management, circular economy and solar energy. Towards Environmental Sustainability seeks to test innovative models and then scale up these workable models. All project activities will thus focus on awareness raising, scaling up strategies and creating new partnerships.

Output 1 – CBNRM institutions strengthened and financial resources mobilized for sustainable natural resource management.

Output 2 – Waste reduced, recycled and reused through application of circular economy model.

Output 3 – Improved access to clean, affordable, sustainable energy for the rural poor.

Governance structure and budget

This is a very ambitious project over a two-year period that ties together relevant stakeholders. The project proposes General Secretariat for Sustainable Development (GSSD) for the project management unit because this inter-ministerial partnership requires an inter-ministerial body and coordination. MoE will be the responsible party for natural resource management, NCDD for circular economy, and MME for solar energy.

The budget for this project is 1.8 million USD overall, broken down into approximately 500,000 USD for each output. The project board and PMU/GSSD will provide a central role in decision making.

Sustainability and scaling up

Innovation and scaling up are central to this project through pioneering a number of innovative approaches.

6. Discussion of key issues

The following summarizes key discussion points according to UNDP project quality standard criterion:

Strategic (contribution to high level change, alignment with UNDP strategic plan)

Environmental cost of changes in energy mix including the economic value of species – Ms. Johanna Palmberg expressed concern about lack of insight into which species are threatened and

the economic value of these species, most notably fish loss through dams. She suggested the importance of calculating the cost of lost economic services of ecosystems. Her hope is that this project will bring these issues to the policy level to ensure the right financial decisions are made for the country. The environmental cost of changes in the energy mix will be considered in UNDP's biodiversity financing initiative (BioFin) starting this year. H.E. Tin Ponlok shared that Government has a common understanding on the issue. For instance, the Ministry of Mines and Energy is working closely with Natural Heritage Institute on alternatives to Sambour dam, one of which is the installation of a floating solar system on the existing dam. Government is therefore open to other viable options. Currently, the energy share from hydropower is more than 50%. Renewable energy outside hydro remains at about 1%. There is strong support for this project to incorporate more renewable energy and to increase the country's solar contribution from 1% to 5%.

Management and monitoring (results framework, monitoring, governance arrangement, risks)

Output 2 on circular economy – Mr. Bunara suggested more details are included on the activities to be conducted under Output 2 as they are currently relatively broad. It was suggested that in addition to the full project document being shared, collective meetings be held to further define project activities. H.E. Tin Ponlok also noted the challenges of the circular economy theory for industrial waste, notably plastics. China's ban on waste import and the consequent pressure on waste management in other countries exemplifies the challenges of management and the need to be more specific on how Cambodia tackles solid waste.

Evaluating contributions in-kind from Government – Ms. Johanna Palmberg noted the importance of showing the valuable in-kind commitments from Government, including salaries and time. In response, Government will be consulted regarding these amounts.

Policy barriers to renewables – Ms. Johanna Palmberg touched on the issue of policy barriers to the energy mix. This point was addressed by Mr. Ivo Besselink's discussion of grid integration and conducting a study on full economic appraisal of solar.

Effective (stakeholder engagement, gender, budget, workplan)

Provincial and municipal engagement – H.E. Sao Sopheap suggested that the project should also engage more with the provincial and municipal levels, particularly with respect to the circular economy. In response, between now and inception, the project plans to work with relevant government bodies to define concrete activities under the pilots in Kep and Siem Reap, which were decided on based on Government preferences.

Community level and gender engagement – In the spirit of collaboration, engagement at the community level to incorporate beneficiary experiences is imperative. For each component, this project has statistics on the number of partners it will work with, among them the beneficiaries. Community based natural resource management in particular works directly with this project's communities. Engaging women and men equally in community based natural resource

management is proposed through conducting gender assessments to understand women and men's different roles and opportunities for both genders to engage with the project. Ms. Johanna Palmberg noted here the important economic reasons to focus on gender and understand how women and men use natural resources differently.

Sustainability and national ownership

Innovation platform – The name of this project was initially the Innovation Platform project, and the goal remains that this project should test different approaches, including solar and PES, to demonstrate the feasibility and business case for Cambodia to scale up these innovations in the future. Mr. Samuel Hurtig also noted the importance of giving appropriate time to pilot these ideas while also noting the urgency to have these replicated and owned by the government. The increase in solid waste is substantial and the cost of environmental degradation is increasing, which correspondingly increases the need to make use of appropriate new models based on solid evidence. This means that government ownership, private sector involvement, and thinking outside the box as the development finance environment changes are imperative considerations.

7. Decision and Conclusion

The LPAC committee approved the project in principle subject to the incorporation of suggestions that were shared during the meeting.

H.E. Dr. Tin Ponlok expressed consensus on the project's relevance, approach, objectives, outputs, and institutional arrangements, with further work needed only to finalize details on work plan, management arrangement and fund flow. He expressed his appreciation to the participants.

Mr. Beresford, Chair of the LPAC meeting, endorsed the project subject to the comments received and concluded the meeting. He expressed his appreciation for the time and contribution of all participants and noted that the more detailed points from the LPAC will be followed up on.

Minutes prepared by:



Ms. Anika Funk
Junior Professional Consultant
Management Support Unit, UNDP

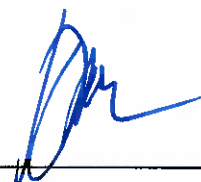
Date: 28.12.18

Minutes approved by:



Mr. Nick Beresford
Country Director
UNDP

Date: 28.12.18



H.E. Dr. Tin Ponlok
Secretary General
NCSD

Date: 28/12/2018

Annex 1: Participants of LPAC meeting

No.	Name	Title	Organizations
1.	H.E. Sao Sopheap	Secretary of State	MoE
2.	Nick Beresford	Country Director	UNDP
3.	Samuel Hurtig	Head – Development Cooperation	SIDA
4.	Johanna Palmberg	Counsellor – Governance and Climate Change	Embassy of Sweden
5.	Eam Bopharasy	Deputy Director	MoE
6.	Seng Kimhout	Office Director	MoE
7.	Quentin Renard	REDD+ Technical Specialist	UNDP
8.	Peaing Parol	Chief of Energy Planning Office	MME
9.	Chiphong Sarasy	Chief RE Office	MME
10.	Cécile Dahomé	Secretary	Solar Energy Association of Cambodia
11.	Mr. Ngov-Veng Chheng	Energy and Green Growth Officer	UNDP
12.	Bridget McIntosh	Country Director	EnergyLab Cambodia
13.	Chhin Sophea	Deputy Chief	GSSD
14.	Sang Polrith	Advisor	NCDDDS
15.	Chhun Bunnara	Deputy Director	NCDDDS
16.	Sok Rathna	Assistant to MoE	MoE
17.	HE. Victor Jona	Director General, General Department of Energy	MME
18.	H.E Dr. Tin Ponlok	Secretary General	NCSD
19.	Anika Funk	Junior Professional Consultant	UNDP
20.	Katherine Koerper	Policy Associate	UNDP
21.	Anthony Kubursy	Policy Associate	UNDP
22.	Phearanih Hing	Policy Analyst	UNDP
23.	Nimnuon Iv Ek	Oversight Analyst	UNDP
24.	Mel Sophea	Vice Chief Office	NCSD
25.	Rany Pen	Assistant Country Director – Programmes	UNDP
26.	Amara Bou	Programme Analyst	UNDP
27.	Ivo Besselink	Technical Advisor on Energy	UNDP
28.	Moeko Saito Jensen	Senior Policy Advisor	UNDP

Annex 2: LPAC Meeting Agenda

AGENDA

Time	Agenda	Speaker
14:00 –14:20	Arrival of participants	
14:20 –14:30	Introductory and welcome remarks	Nick Beresford Country Director
14:30 –14:40	Opening remarks	HE. Tin Ponlok Secretary General, NCSD HE Sao Sopheap, Secretary of State, MoE
14:40 –15:10	Presentation of the draft Project Document	Moeko Saito Jensen Senior Policy Advisor, UNDP Mr. Ivo Besselink Technical Advisor on Energy, UNDP
15:10 –15:40	Open discussion/comments on the project	All participants
15:40 –15:50	Consensus: Recommendation of PAC members to approve, reject or revise the proposed project	
15:50 –16:00	Conclusion and Closing remarks	Nick Beresford Country Director