



Global Environment Facility

MOHAMED T. EL-ASHRY
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN

December 20, 1999

Dear Council Member:

I am writing to notify you that the World Bank, as the Implementing Agency for the project entitled, *Cambodia: Biodiversity and Protected Area Management Pilot Project*, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with World Bank procedures.

The Secretariat has reviewed the project document, and I confirm that the project as proposed is consistent with the proposal approved by the Council. I further confirm that it continues to be consistent with the Instrument and GEF policies and procedures and that all comments raised by Council Members have been fully addressed. The explanation prepared by the World Bank satisfactorily details how Council's comments and those of the STAP reviewer have been addressed in the draft project document.

In accordance with the Council's decision at its meeting in October 1998 to expedite further the project cycle, and the decision to approve the intersessional work program on January 21, 1999, I am endorsing the project document for a total amount of GEF financing of \$2.75 million.

We have today posted the proposed project document on the GEF website at www.gefweb.org. If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to down load the document for you. Alternatively, you may request a copy of the document form the Secretariat. If you make such a request, please provide us with your current mailing address.

Sincerely,

Cc: Alternates, Implementing Agencies, STAP

OFFICE MEMORANDUM

DATE: November 29, 1999

TO: Mr. Mohamed El-Ashry, CEO, GEF

FROM: Mr. Lars Videaus, GEF Executive Coordinator 

EXTENSION: 34188

SUBJECT: **Cambodia: Biodiversity and Protected Areas Management Project
Final Council Review/CEO Endorsement**

1. Please find attached two copies of the final Project Appraisal Document (PAD) for the above-captioned project for review by the Secretariat staff prior to circulation to the Council and your final endorsement.
2. The PAD is fully consistent with the objectives and scope of the project approved by the Council as part of the May 1999 work program and reflects comments received during work program review by GEFSec, STAP, and Council members as follows:

Sustainability concerns. Long term sustainability will remain an important and difficult issue throughout the project. The project will promote sustainability in a number of ways. First, the project will support a comprehensive organizational review to establish the medium- and long-term needs of the Ministry of Environment. This review will provide a clearer picture of the staffing level, establishment and recurrent costs, for MOE. This basic understanding will facilitate a much more specific dialog on long-term alternatives and will help to define a programmatic approach rather than the piecemeal approach currently used to solicit donor support. Second, the project will conduct a detailed review of sustainable financing options. This review will examine the long-term establishment and recurrent cost implications of the proposed national protected areas systems. The study will identify specific options for financing including the concept of a national trust fund, tourism-based revenues such user charges, and contributions from the donor community. Third, for community development initiatives, the project will build upon the Provincial Rural Development Committee (PRDC) structures already in place and will use existing financing mechanisms. Thus the project will not create new or parallel systems which bypass the organizations already in place. In many cases, such parallel systems run the risk of undermining sustainability and will be avoided in the project.

Focus and timing of biological inventories. Financial and human resources are allocated for biological inventories. The primary focus of the project will be on providing training in biological surveys, establishing an ecological framework for planning and management interventions, understanding key ecological processes such as swidden agriculture and fire, and establishing a biodiversity monitoring system. A report describing the biological research and monitoring priorities for VNP was prepared by David Ashwell (IUCN). That report provides specific recommendations for priority survey needs and will form the starting point for work program planning. Specifically,

the report recommends initial work focus on primary surveys of constituent flora, vegetation structure, and their geophysical and anthropological associations. The initial habitat analysis will be complemented by surveys of vertebrate fauna associated with each main habitat type. These inventories will be made both at the park-wide level as well as more intensive studies in the project's pilot areas. They are considered to be an essential first step in the planning process. Staff training in resource assessment work will begin in the first year of the project. Also the Environmental Decision Support System to be supported under the project will begin in year one and will provide direct support in mapping key resource values within and around VNP.

Criteria for Community Development Activities. The project has elevated the community development activities from a sub-component to a full component of the project. This is significant for several reasons. First, it signals the importance of the activities. Second, it broadens the activities beyond the role of the MOE to be inclusive of other provincial departments. Selection of pilot communities would be based in part on: (i) demonstrated community interest in sustainable natural resource management; (ii) proximity to the Virachey National Park; (iii) clearly identified current or potential use of natural resources in the park; (iv) completion of a community-based resource management plan; and (v) where practical, an ethnic representation of the communities in the vicinity of the park. Eligibility criteria have been described in detail in the Project Implementation Plan (PIP). The project has not developed a specific list of sub-projects to be funded. In general sub-projects will need to: (i) demonstrate consistency with CBNRM; (ii) be consistent with operational objectives of the management plan for VNP; and (iii) have a direct linkage to conservation-related initiatives either in the form of direct substitution or offset of resource use or as compensation for participation in park protection measures.

Information on Indigenous People. During project preparation indigenous peoples' issues were studied by an independent consultant. The PIP includes a separate chapter addressing indigenous people's issues. The PIP covers Cambodia's legal framework for ethnic minorities; baseline data on these groups in the project area; population and growth patterns; subsistence land use practices including swidden systems, wet-field rice cultivation and market economy; health; and institutional capacity. The report details criteria for selecting participating communities and suggests potential investment options for villages in the project areas. As detailed by project documents, further information on indigenous people will be gathered at the time of the identification of the pilot projects. This information, together with an intensive public consultation / participation program, will be the basis on which the park zoning system will be built and the community programs for park inhabitants will be defined. Project activities are explicitly designed to incorporate the views and needs of indigenous people. Since these latter are the majority of the population within the park area it was decided to avoid the preparation of a stand-alone IPDP and instead (as allowed under OD 4.20) include the definition of pro-indigenous people programs and activities in the main project documents.

Plan for Implementing Virachey Management Plan. The project team received government commitment to seek funding for implementation of the five-year management plan for Virachey following the completion of the project. At this time it is difficult to get an unequivocal commitment because we lack the specific details of the recurrent costs. However, Government has agreed in principle to implement the

sustainable financing plan to be developed under the project which will spell out long-term government financing contributions to the management of VNP.

GOC Commitment for Recurrent Costs Financing. The MOE is committed to supporting the future needs of the VNP within the budgetary allocations made available to them in the future. The project would provide a much clearer picture of the recurrent cost requirements and would position the MOE to make a stronger case for sufficient resources for long-term recurrent costs. The sustainable finance study to be carried out under the project would explicitly study the Virachey case and would include recommendations for revenue generating options to support long-term resource needs.

Role of NGOs. A small number of international NGOs are already active in the project area and have been widely consulted during project preparation. NGOs have indicated their willingness to collaborate in project implementation and have thus far been willing to share experiences with the project preparation unit. The project will actively encourage NGO involvement both in advisory and implementation capacity. The project team has met the governors of Ratanakiri and Stung Treng Provinces who have endorsed the participation of NGO in the project.

Possible Encroachment on Local Communities or Tribal Lands. Extension of the current park boundary would encroach on local communities near the present boundary. The project team recognizes that the boundaries of the park are not clearly demarcated on the ground at the present time. The project will carry out intensive work to study the current proposed boundaries and to examine feasible alternatives. The project team does not envision any significant extension of the park boundary at this time but the project will refine and gazette the existing boundary. As part of the park management planning, local communities in the park's buffer zone area will be fully included in the decision making process. Community endorsement of any zoning or resource use plans will be a pre-requisite to finalizing the park management plan. The project will undertake studies of available options for future legalization of the land rights of park inhabitants and will, in this way, aim at strengthening the land tenure position of local populations vis-à-vis strong external interests.

Project Sanctions Against Resource Use or Relocation of Villages. The project would not support relocation or resettlement of any kind. The project team does not have pre-determined ideas on specific sanctions against resource use because there is a lack of detailed information on the level of resource use and its impacts on the biological diversity of the VNP. Sanctions, as such, may be un-necessary. The project concept is to develop a park management plan which will zone the park into different management areas. Each area will have different rules governing what can and cannot be done. The management plan would clarify and formalize resource use both within and in the periphery of the park. This may not involve any modification to current use patterns. Management zoning will be a fully participatory process. Cambodian law already sanctions certain activities such as wildlife poaching and logging in national parks. The project would seek to add clarity to such existing regulations.

Handling of Refugee Issues. The Ministry of Environment has no specific responsibility for managing refugees and the project team recognizes this issue. During preparation the team visited refugee sites in the project area and has expressed concern to government on this important issue. To our knowledge there are no refugee sites within the park itself and unfortunately, outside of the VNP the MOE has no legal jurisdiction over refugees. However, the project team recognizes that repatriation of refugees is one of a larger mosaic of land use issues in Ratanakiri which could affect the viability of the protected area system. Following this concern the project team visited the Cambodian Red Cross which is the institution responsible for the refugees repatriation program. According to the data provided the number of refugee families repatriated so far in Ratanakiri is less than 100 and no new refugee families are scheduled for repatriation in the province in the future.

Transfer of Project Experience to Other Protected Areas. The project will support domestic study tours for park managers and rangers to visit Virachey National Park. National leadership and ranger training programs will be conducted involving representatives from across Cambodia. The experiences from VNP will help to develop the training programs which are offered at the national level. A specific performance indicator of the project is the extent to which the project's recommendations on management planning, operational guidelines, legal status, zoning, etc., are adopted in other national parks.

Initiating Transboundary Cooperation. The project will support initial communications with protected areas specialists in neighboring countries, in particular Laos and Vietnam, through the management planning process for VNP. The project will support study tours to visit other selected GEF projects in the region (e.g., Laos and Philippines) and will initiate scientific data exchange and discussion of transboundary management potential through workshops involving regional experts. It is envisioned that toward the end of the project and exchange program involving rangers at Virachey and other parks will be undertaken.

Articulation of Threats (e.g., Logging) in the PAD. The project's preparation team conducted additional field visits to Ratanakiri and Stung Treng provinces as well as the surrounding buffer zone area of VNP. The threats to the VNP have been more clearly identified in the PAD and include: logging activities in areas of the park along national borders; illegal hunting and trade of valuable plant and animal species; poorly planned land allocation in the park's buffer zone area which undermine conservation goals (e.g., forest concessions, refugee resettlement); land use pressure from communities in and around the Park. The PAD has been very frank about the nature of these threats and the overall risks to project success. The project will establish capacity to monitor changes in land use within and around the park in order to participate in discussions about land use allocations in a more meaningful way. The project will assist the MOE and the Provincial government to participate more fully in discussions and decision making. The Inter-Ministerial Steering Committee and the Provincial Rural Development Committee are two mechanisms which could give the MOE greater participation and voice in major land use decisions.

Assessment of Project Risks in PAD. The project preparation team has provided an open and frank assessment of project risks and has identified risk minimization measures within the PAD. The most substantial risks are overall government commitment, especially government actions outside of the jurisdiction of the MOE; the ability or willingness of MOE to establish national norms; the ability of GOC to resolve legal issues associated with land tenure; and the ability to sustain counterpart funding after the project is completed.

Army Representative on Inter-Ministerial Steering Committee. The project team has raised the issue of Army participation on the Steering Committee. It was agreed in principal with MOE that an appropriate representative would be invited to participate, but as yet no specific nominee has been identified. The project team recognizes that there are significant law enforcement issues at the field level involving international border violations. The project team has discussed possible collaboration with provincial law enforcement.

3. Please note that the following refinements have been made to the project design:

- The community development initiatives of the project have been given increased prominence in the project design. The revised design recognizes the key role of communities development to long-term sustainability of the Virachey National Park and now treats these activities as a full-fledged component of the project rather simply an activity under another component. This will ensure greater attention to these issues during implementation.

4. We trust that you will find that the treatment of these issues and the adjustments in project design are technically sound and increase the likelihood that the project will achieve its global conservation objectives. Please let me know if you require additional information to complete your review of the project documents prior to circulation to the Council. We look forward to hearing from the Secretariat as soon as possible.

Attachments

cc: Messrs./Mmes. King, GEF PROGRAM COORDINATION (GEFSEC);
Broadfield, Morgan (EASES); Aryal, Mackinnon, Towsey (ENV).

ENVGC ISC
IRIS 2

PROJECT BRIEF

1. IDENTIFIERS:

PROJECT NUMBER:	P065798
PROJECT NAME:	Cambodia: Biodiversity and Protected Area Management Project
DURATION:	4 years
IMPLEMENTING AGENCY:	The World Bank
EXECUTING AGENCIES	Royal Government of Cambodia Ministry of Environment
REQUESTING COUNTRY OR COUNTRIES:	Cambodia
ELIGIBILITY:	Cambodia ratified the CBD on February 9, 1995.
GEF FOCAL AREA:	Biodiversity
GEF PROGRAMMING FRAMEWORK:	OP 3 (Forest Ecosystems)

2. SUMMARY:

The development objective of the project is to improve the capacity of the Ministry of Environment to plan, implement and monitor an effective system of National Protected Areas. Toward that end, this project has two related immediate objectives. First, to develop and test proactive measures to minimize unsustainable exploitation and degradation of the bio-diversity of national and global significance in the Virachey National Park. Second, to use the experiences gained from Virachey to formulate institutional models for the development of the National Protected Areas system of Cambodia. The project has three closely integrated components: a National Policy and Capacity Development Component to support the formulation of long term strategic vision for the national protected area system; a Park Protection and Management Component aimed at developing and testing pilot management approaches at Virachey National Park in northeast Cambodia; and a Community Development Component aimed at developing approaches and procedures for including local communities more directly in the management of Virachey National Park. The project also includes overall project management activities including annual budgeting, financial management, work program planning, performance monitoring, and procurement.

3. COSTS AND FINANCING (MILLION US\$)

GEF:	- Project	US\$ 2.75 million
	- PDF:	N/A
	Subtotal GEF:	US\$ 2.75 million
CO-FINANCING:	-IDA:	US\$ 1.91 million
	-Govt. of Cambodia:	US\$ 0.25 million
	Subtotal Co-Financing:	US\$ 2.16 million
Total Project Cost:		US\$ 4.91 million

4. ASSOCIATED FINANCING (MILLION US\$)

n/a

5. OPERATIONAL FOCAL POINT ENDORSEMENT:

CURRENCY EQUIVALENTS

(Exchange Rate Effective October 28, 1999)

Currency Unit = Riel

Riel= US\$ 1

US\$ 1 = Riel

FISCAL YEAR

January 1 December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CDC	Commune Development Committee
CARERE	Community Area Rehabilitation and Regeneration Programme (UNDP)
IAPSO	Inter-Agency Procurement Services Office
IMSC	Inter-Ministerial Steering Committee
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MOE	Ministry of Environment
MRD	Ministry of Rural Development
NGO	Non-Governmental Organization
PHRD	Policy and Human Resource Development Fund (Japan)
PLDF	Provincial Local Development Fund
PMO	Project Management Office
PRDC	Provincial Rural Development Committee
UNDP	United Nations Development Fund
VDC	Village Development Committee
WFP	World Food Programme
WWF	World Wildlife Fund

Vice President:	Jean-Michel Severino
Country Manager/Director:	Ngozi N. Okonjo-Iweala
Sector Manager/Director:	Geoffrey B. Fox
Task Team Leader/Task Manager:	Glenn S. Morgan

Kingdom of Cambodia

Biodiversity and Protected Areas Management Project

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MAP(S)

IBRD 30506

A: Project Development Objective

1. Project development objective: (see Annex 1)

The development objective of this project is to improve the capacity of the Ministry of Environment to plan, implement and monitor an effective system of National Protected Areas. Toward that end, this project has two related immediate objectives. First, to develop and test proactive measures to minimize un-sustainable exploitation and degradation of the biodiversity of national and global significance in the Virachey National Park (VNP). Second, to use the experiences gained from VNP to formulate institutional models for the development of the National Protected Areas system of Cambodia. The project has four closely integrated components: a National Policy and Capacity Development Component; a Park Protection and Management Component; a Community Development Component; and a project management component. The project also includes overall project management activities including annual budgeting, financial management, work program planning, performance monitoring, and procurement.

At the present time, the Ministry of Environment (MOE) has little experience with establishment and management of protected areas on the ground. The experiences gained from this project would help the government to formulate a long term strategic vision for the national protected areas system and would help determine which approaches are most effective under the field conditions in Cambodia. The project will be implemented over a four year period by the Ministry of Environment in collaboration with the provincial governments of Stung Treng and Ratanakiri Provinces. The project will be financed by a GEF Grant (U.S. \$2.75 million); an IDA Learning and Innovation Loan (U.S. \$ 1.91 million); and GOC counterpart financing of (U.S. \$0.25 million).

2. Key performance indicators: (see Annex 1)

- Relevant methodologies and approaches developed at VNP are widely shared with the managers of other national parks in Cambodia;
- MOE has adopted key recommendations from organizational reviews, sustainable finance, legal and regulatory studies;
- The extent to which staff trained as part of leadership and ranger training are able to use skills in day-to-day work;
- MOE has initiated effective partnerships with other GOC ministries, international donors, and civil society in the protection of national parks;
- Protection and management operations adopted at VNP lead to increased understanding among all stakeholders of the importance of reducing unsustainable and illegal exploitation of the natural resources of VNP;
- The knowledge base describing the ecological and ethnographic dimensions of VNP is significantly increased and disseminated widely;
- Staff of Virachey National Park is capable of working independently in the overall management of the park;
- Methodologies for involving communities in participatory park management planning and protection

B: Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)

Document number: 16255-KH

Date of latest CAS discussion: 01/28/97

Sustainable use and management of natural resources and implementation of the country's National Environmental Action Plan (NEAP) are two key objectives of the 1997 CAS. The CAS focuses specifically on the need for follow up actions on two initiatives -- the National Environmental Action Plan (NEAP) and the World Bank Group, FAO and UNDP assistance to the Government on forest policy reforms. The NEAP (1997) provides a detailed strategic framework to guide the integration of environmental concerns into national and local development policies, economic decision-making, and investment planning. The establishment of an effective Protected Areas Management System was identified as a critical element of the country's environmental strategy.

The project would support these CAS objectives through promotion of sustainable management and further development of Cambodia's protected areas system. The proposed project will develop and test the following management activities needed for all key protected area sites: (a) training for MOE staff and local communities in the conservation of biodiversity; (b) development of a participatory management planning and implementation process; (c) execution of ecological and socioeconomic surveys to provide information for management planning; (d) development of appropriate national policy and institutional infrastructure; and (e) implementation of pilot livelihood programs for local communities as a way to reduce harvesting pressure on biodiversity. The proposed project directly supports these priorities activities at the national level as well as at Virachey National Park (VNP) which is among seven priority protected areas and three proposed RAMSAR sites (i.e., wetlands of international importance) identified in the NEAP.

Regarding forest policy reforms, the collaborative assistance to the Government from the World Bank Group, FAO, and UNDP is aimed at assisting the Government to undertake forest policy reforms that would help to ensure environmental sustainability, optimum economic benefits, and improved governance of the forest sector. This project will enhance the policy environment for the conservation of biodiversity of national and global significance in the forest zone of Cambodia. The proposed project will be complimentary to the planned IDA support to the forest sector and will be consistent with the objectives of IDA support rural development initiatives in northeast Cambodia.

GEF Operational Strategy program objective addressed by the project

Cambodia has been a signatory of the Convention on Biological Diversity since February 2, 1995, and is eligible for GEF financing. The project's overall objective supports the GEF's Operational Strategy and Operational Program for forest ecosystems. Project activities are expected to improve in situ conservation and sustainable use of biodiversity of global importance in and around Virachey National Park. These goals are central to GEF's Operational Strategy and Operational Program for forest ecosystem.

financing of activities for conservation that incorporates traditional knowledge and sustainable use of forest biological diversity.

Other donor support

Donor support for Cambodia's national environmental program and the protected areas system has been mixed. Since 1995, the MOE has undertaken efforts to improve human resource capacity, with assistance from UNDP, the United States Agency for International Development (USAID), European Union (EU), United Nations Education Scientific and Cultural Organization (UNESCO), Asian Development Bank (ADB), Danish International Development Agency (DANIDA), International Development Research Council (IDRC), and the WWF.

Donor assistance has covered a broad agenda including environmental planning and management, environmental impact assessment, and coastal zone management. To date the largest donor funded programs have been the ETAP/UNDP Program, the SPEC/EU program, the CEMP/USAID programs. These programs were short term in nature and have now been completed. Only the WWF has been actively involved in the management of protected areas in northeast Cambodia and currently has a field based program at Virachey National Park. Proposed future activity includes possible projects for Tonle Sap (EU and UNESCO), capacity building for Ream National park (UNDP), management of Kirirom (WWF/USAID), Kulen (GTZ), and DANIDA support for a national wetlands inventory. Because these efforts have been fragmented, a more systematic and comprehensive approach is necessary to build capacity for the conservation of natural resources.

2. Main sector issues and Government strategy:

At present, the protected areas of Cambodia are not being effectively managed. This situation results from weak institutional capacity of the MOE to plan and carry out protected areas programs, lack of sustained financial resources, outdated information base, security concerns, overlaps with forest sector issues (especially illegal logging), large scale land allocations for commercial agriculture, and uncontrolled wildlife trade. The Government's strategy to improve biodiversity conservation in Virachey and other protected areas is described in the NEAP. The strategy focuses on the following four key areas: (a) implementation of effective organizational and management system for protected areas; (b) development of operational guidelines for management planning and implementation; (c) human resources development, with primary focus on training for conservation planners, administrators, rangers, field staff and local communities; and (d) preparation and implementation of management plans for seven priority protected areas and three proposed RAMSAR sites.

(a) Weak Institutional Capacity. The MOE lacks the capacity to effectively manage the protected areas because very few of its staff have training or experience in protected areas management. Even by Cambodian standards, the MOE is a weak agency with a very extensive mandate. As a result, in situ conservation of biodiversity has been neglected and Cambodia still lacks a well articulated long-term vision for its protected areas system. The declared protected areas system is very ambitious and may be unrealistic given the human and financial constraints Cambodia faces. In addition, there is much work

management. In addition, there are no reliable estimates of funding levels required to finance the national protected area system on a sustainable level.

(c) Outdated Information on Biodiversity. Cambodia lacks up-to-date information on the status of its biological heritage. Civil strife and political instability have disrupted resource assessments and monitoring activities that were on-going during the 1960s. Thus, most of the information on biodiversity dates back to the 1960s. With assistance from international organizations such as the International Union for the Conservation of Nature and Natural Resources (IUCN), International Crane Foundation (ICF), Wetlands International (WI), and the World Wildlife Fund (WWF), the MOE has undertaken some limited and preliminary habitat surveys in the Virachey National Park and some of the other protected areas. However, more systematic data collection is needed to guide the management of the protected areas.

(d) Security Issues. Security problems arising from the civil war and the continued insurgency of the Khmer Rouge have had a dual impact on Cambodia's biodiversity. On one hand, they have helped to keep most of the country's biodiversity relatively intact because the fighting and planting of 6-9 million land-mines throughout the country precluded large-scale habitat conversion for industrial or agricultural development. On the other hand, these security problems limit access for persons involved in conservation to prevent illegal logging and wildlife hunting or other destructive exploitation of biodiversity. The security situation in most of the protected areas has significantly improved following the end of the civil war and recent major defection of Khmer Rouge guerrillas.

(e) Forest Sector Issues. The sustainable use of forest resources plays an important role in Cambodia's overall economic development prospects and Government forest policy has important implications for biodiversity conservation. Development of the forest sector affects biodiversity through the pace and scale of logging (legal and illegal) and through the allocation and management of forest concessions. At present, Government has allocated more than 6 million ha of forest land to 20 international logging firms with very little environmental safeguards or an assessment of whether the areas were habitats for biodiversity of global or national significance. The World Bank, United Nations Food and Agriculture Organization (FAO), and the United Nations Development Program (UNDP) have jointly been providing technical assistance to the Government to: (i) develop regulatory reforms to ensure sustainable yields; (ii) establish a framework to allocate land for specific uses that ensures environmental protection and minimizes illegal rent seeking opportunities; (iii) ensure budget support for forest management that reflects the potential economic returns of concessions; (iv) develop guidelines and procedures for sustained forest management; (v) promote effective community involvement in forestry; and (vi) promote a log market to supply efficient domestic processors and export market.

(f) Large-Scale Land Concessions. There is growing interest by foreign investors to develop commercial crop plantations in Cambodia, particularly in the northeast because of its fertile soils and low population densities. A number of permits have already been granted for the development of rubber plantations. The extent of actual areas proposed for future plantation development has not been clearly established. While none of the current concessions are expected to be within the boundaries of the Virachey National Park it is reported that one or more concessions cover the lands in the proximity of the

wildlife for commercial purposes, it has not been able to enforce this ban because of the weak institutional capacity of the MOE and other government agencies involved in wildlife protection and in the control of illegal trade.

3. Learning and Development issues to be addressed by the project:

The project will test a number of hypotheses which will guide future evolution and development of the national protected areas system. Specifically the project will test whether: (a) increased participation by MOE in national and provincial land and natural resource use decision processes can reduce the pressure of illegal logging and other major land allocation decisions affecting national parks; (b) a sustainable financing system for protected areas is realistic and achievable; (c) community participation in protected areas management provides sufficient incentive to reduce the current pressure agricultural practices and illegal hunting; and (d) a decentralized approach to protected areas and conservation management programs is replicable in other parts of Cambodia.

4. Learning and innovation expectations:

Financial; Technical; Institutional; Social; Environmental; Participation

(a) Technical. The project will assist in the professional development of key staff at the national and local levels. The development of leadership skills among MOE staff will be an essential pre-requisite for the Ministry to formulate a long term training program for protected areas management staff. Based on the experience at VNP, the project will formulate clear operational guidelines for management planning and plan implementation for all national parks. Based on lessons learned through field experience at Virachey, the project will identify priorities and formulate strategies for improving the knowledge base on the status and trends of biodiversity and on socioeconomic status of the local people.

(b) Institutional. The project would test and evaluate options for the decentralization of protected areas management to the provincial level thus will rely on local capacity at the provincial levels to achieve the project's field based objectives. Based on the field experience the project would develop strategies for decentralization of park management responsibilities. The project will also undertake a national organizational review and make recommendations for restructuring the country's protected areas management system. The project would promote closer working relationship across Ministries to address cross-cutting environmental objectives.

(c) Social/Participation. The project will directly test and evaluate the effectiveness of approaches for involving local indigenous communities in the management of national protected areas. The project will test how to best integrate local concerns into protected areas planning and management and will help to determine whether community development incentives provided under the project are sufficient to generate long term local support for biodiversity conservation. It will test whether existing Provincial rural development planning procedures already in place in Ratanakiri Province are sufficient for protected area planning purposes. The project will build on the good efforts of the Provincial Rural Development structure and will work closely with CARRERE to insure consistency with ongoing initiatives. NGOs

ground presence in the Park area thus increasing overall awareness of environmental and conservation issues as well as creating capacity to identify and respond to activities which undermine environmental objectives in the park area.

C: Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

The project comprises four inter-related components: National Policy and Capacity Building; Park Protection and Management; Community Development; and Project Management. Each component is described briefly below.

I. National Policy and Capacity Building Component

This component will help the Ministry of Environment to develop the key elements of a long-term strategy for the National Protected Areas system of Cambodia. This component would finance: (a) a comprehensive review of the existing organizational and management systems currently in place within MOE; (b) development and implementation of national leadership and ranger training programs; (c) the formulation of a sustainable financing strategy for the entire protected areas system; (d) development of proto-type information systems to support protected areas management; (e) the development of national protected areas management planning guidelines; (f) a review of legal and regulatory constraints facing the establishment and management of protected areas; and (g) public awareness and education programs related to protected areas management. Specifically, the project would finance the small scale upgrading of physical facilities in the MOE; procurement of vehicles and other goods (computers, furniture) for the day to day operations of the project office; hiring of project technical assistance and short-term consultants; domestic and overseas training programs; and national workshops associated with various sub-activity.

Key outcomes of this component would be: (1) a stronger consensus among MOE, related government agencies (i.e., MOEF, MAFF), NGOs and other stakeholders involved in protected areas management on the long-term vision for Cambodia's protected areas; (2) a clear action program for the priority national initiatives; (3) strengthened MOE professional capacity both in terms of overall protected area leadership within the Ministry as well field and operational staff; and (4) stronger voice for MOE in key national policy issues which affect protected areas.

II. Park Protection and Management Component

This component will develop and test pilot activities that support the basic management needs of the Virachey National Park in order to build the foundation for a long-term program for biodiversity conservation in Ratanakiri and Stueng Treng Provinces. The project would finance park infrastructure, park management planning, staff development programs, community education and outreach, and park protection initiatives at Virachey National Park.

park planning, the project will finance acquisition of biophysical and socioeconomic data through new field surveys; stakeholder consultations/workshops; park zoning; map production; boundary demarcation; long-term technical assistance and short-term subject matter specialists as needed.

Key outcomes of this component will be: (1) the formulation of a five-year management plan for Virachey National Park addressing both the biological and the human dimensions of conservation including the definition and partial demarcation of the park boundaries; (2) strengthened capacity to manage the field operations at Virachey national park through professional development and ranger training; (3) increased awareness among communities and other land stakeholders in importance of conservation and the biological values of VNP; (4) reduction in unsustainable and illegal exploitation of VNP biological resources; and (5) creation of stronger voice for provincial level environmental and protected areas stakeholders in major land use issues affecting VNP.

III. Community Development Component

This component will develop and test approaches for involving communities within and adjacent to VNP more directly in park management. At present, many communities rely on the resources of the Park for daily subsistence needs and in times of emergencies such a crop failures. Traditional coping strategies during periods of crop or livestock failures can lead to increased reliance on the non-timber products of the Park leading to further erosion of the Park's biological value. At the same time expansion of agricultural land within the park can lead to habitat loss and increases access to park's core biological resources. The biological values of VNP will be in jeopardy if the long-term economic needs of communities within and around the park are not addressed as an integral part of conservation initiatives.

Toward this end the project would: (1) conduct natural resource and social assessments to better understand the livelihood practices, natural resource use patterns, cultural values, and other socioeconomic conditions in and around the park; (2) assist communities in pilot areas to formulate proposals for village and commune development which are consistent with park management goals and which address priority community needs; and (3) provide financial resources to implement community based natural resource management plans, small-scale alternative livelihood initiatives, or small-scale infrastructure identified as priority issues identified through the community planning process. Specifically, the project will finance: training in PRA and community interaction techniques for staff in provincial line agencies; community outreach and education programs; natural resource assessments; in-depth community appraisals; and community development initiatives. The project would provide vehicles, office equipment, technical assistance, and field allowances for staff involved in participatory rural appraisals, census taking and other surveys.

To finance community development initiatives, the project will provide financial contributions on a grant basis directly to Ratanakiri and Stung Treng Provinces up to a total of US\$ 100,000 paid in tranches of US\$ 20,000 to an account specifically targeted for the project's pilot communities. Under the GOC's SEILA program, Ratanakiri province (with support from the UNDP/CARRERE program) has established a Provincial Local Development Fund (PLDF) administered by a Provincial Rural

Currently there is no equivalent financial mechanism operating in Stung Treng province, so no grants will be made to Stung Treng until a provincial level financial mechanism acceptable to the IDA is in place. It is expected that this mechanism will be developed during the first two years of project implementation. Under this component, a minimum of US\$ 20,000 will be allocated specifically for Stung Treng.

Initial pilot communities have been identified during project preparation in both provinces but could be modified once implementation activities are underway. Criteria for selecting pilot communes and villages included: (a) demonstrated community interest in and willingness to participate in pilot level sustainable natural resource management initiatives; (b) community proximity to park; (c) identified use or potential use by residents of the park's natural resources.

Key outcomes of this component will be: (1) strengthened capacity of MOE and provincial government staff to facilitate community development initiatives; (2) evaluation of methodologies for involving communities in park protection and management; (3) increased community willingness to participate in initiatives which further park management objectives; (4) establishment of a zoning system in pilot areas which guides land use within and adjacent to the park; (5) evaluation of incentive systems and livelihood alternatives which complement park protection and management initiatives.

IV. Project Management

The project will support project management activities through a project management office in Ban Lung and a project liaison office in Phnom Penh. The PMO will be responsible for overall annual work program planning, financial management, monitoring, auditing, performance evaluation, and procurement. The project will finance upgrading of basic office facilities at MOE headquarters, construction of a small office facility in Ban Lung, computers, office equipment and furniture, vehicles, necessary communications equipment, operating costs and field allowances for traveling staff. Consulting services will also be provided for essential management activities such as performance monitoring, accounting and procurement.

Component	Sector	Indicative Costs (US\$M)	% of Total	Bank- financing (US\$M)	% of Bank- Financin g
National Policy and Capacity Building	Environmental Institutions	1.41	28.7	1.35	29.0
Park Management and Protection	Natural Resources Management	1.92	39.1	1.83	39.3
Community Development	Other Environment	1.08	22.0	1.03	22.1
Project Management		0.50	10.2	0.45	9.7

2. Institutional and implementation arrangements:

Overall Project Management

The Project will be implemented over a four year period by the Ministry of Environment (MOE), which has the responsibility for developing and implementing a national system of protected areas. The project will establish a small project administrative unit in Phnom Penh as well as an overall project management office in Ban Lung, Ratanakiri. Financial management, procurement and overall project management will be provided by a Project Director heading the Project Management Office (PMO). With the exception of the Project management component, each component of the project will be headed by a Technical Team Leader. Ministerial oversight of the project will be provided by a Project Coordinator at the Secretary of State level reporting directly to the Minister of Environment.

The existing staff of the MOE at the Virachey National Park (VNP) and the MOE staff in Phnom Penh will be responsible for executing most of the work under the Project. Project staff will be supplemented as needed from staff of cooperating ministries in the VNP area. Specifically, the Forestry and Wildlife Protection Offices at MAFF and community development staff from the Provincial Departments of Rural Development have indicated their willingness to collaborate on implementation of this project. To the extent feasible, inputs from NGOs active in Stung Treng and Ratanakiri Provinces will also be utilized.

MOE will draw extensively and build upon lessons learned from previous and ongoing projects carried out by the MOE, other Ministries, and NGOs in the project area. Examples of such interventions are previous work done by the MRD, the MAFF and others on establishing formats and frameworks for the PRA exercise, innovations tried in the various other protected areas in Cambodia with assistance from the UNDP, WWF, UNESCO, NGO and Government interventions with ethnic minorities in Stung Treng, Ratanakiri and elsewhere and training initiatives undertaken by the MOE and others.

The project staff of MOE will be supported by a technical assistance team of national and international consultants. The technical assistance team will comprise three senior advisors and a complimentary team of about five additional short-term subject matter specialists. The senior advisors will include a Senior Project Advisor and a Senior Protected Areas Advisor. Subject matter specialists will likely include Terrestrial and Aquatic Ecologists; Environmental Law Specialist; a Sustainable Finance Specialist and a GIS / Remote Sensing Specialist. Budgetary resources will be provided for other short-term subject matter specialists on an as-needed basis. Flexibility in the final use of short-term technical assistance is expected.

An Inter-Ministerial Steering Committee will provide advice for the overall implementation of the project and will provide a mechanism for assisting in the resolution of park management problems which go beyond the capacity of the MOE to solve. The Inter-Ministerial Steering Committee will include representatives drawn from MOE management, other concerned Ministries and the Governors of Stung Treng and Ratanakiri Provinces. The Steering Committee will meet at least semi-annually to

PRDC will administer the Provincial Local Development Fund (PLDF) and the PMO will organize field survey and PRA teams comprising staff of appropriate provincial departments.

Donor Coordination

The project would develop mechanisms to ensure the coordination and collaboration among present and proposed future donor activities relating to protected areas management. The project will be proactive in its efforts to disseminate information with other donors, arranging of study tours to sites supported by other donors, joint workshops for government staff and local community groups. The project would actively seek donor collaboration to assist with implementing field activities in areas where this project is not active. The project will hold regular briefings with other donors and will ensure that new projects undertaken by the Ministry are consistent with the objectives of this LIL. Where feasible the project would explore joint supervision missions involving other donor and would strive for staff exchanges across other Ministries.

Financial Management

The Bank has supported installation of a uniform project accounting system in Cambodia for all Bank supported projects. The PMO has engaged the services of PriceWaterhouseCoopers, an internationally recognized accounting firm based in Phnom Penh to install this accounting system and provide staff training. IDA has reviewed and is satisfied that the accounting system contains the following features: (a) application of consistent principles of accounting for documenting, recording, and reporting its financial transactions; (b) use of the accrual method of accounting; (c) a double entry accounting system; (d) a chart of accounts and a coding system that allows meaningful reporting to IDA and the government; and (e) the production of quarterly financial statements acceptable to IDA. Establishment of an adequate financial management and accounting system will be a condition of effectiveness. IDA will continuously review the operations of the new accounting system.

The financial management function will be headed by a Project Accountant and will be supported by adequate accounting staff. The appointment of a Project Accountant acceptable to IDA will be a condition of effectiveness. The PMO shall maintain project accounts identifying separately the expenditures funded by IDA, GEF and the Government funds. A Project Financial Management Manual, prepared by PWC and reviewed and cleared by IDA, describes in detail accounting procedures and responsibilities. A detailed description of the financial management arrangements is given in Annex 6.

The PMO has agreed to prepare simplified Project Management Reports which will include, at a minimum, the following documents: (a) a summary of Source and Users of Funds; (b) Uses of Funds by Project Activity; and (C) Contract Expenditure Report on Consultants. The PMRs will be produced commencing second quarter of year 2000 and will be submitted to IDA within 45 days of end of each quarter. The project is expected to be able to produce full PMRs by March 31, 2001.

As a new accounting system is to be installed and staff trained in financial management, the project is

with auditing standards acceptable to IDA and under terms of reference acceptable to IDA. Appointment of an auditor will be a condition of effectiveness.

3. Monitoring and evaluation arrangements:

Project monitoring and evaluation will be carried out at different levels. At the national level, the project will establish an Inter-Ministerial Steering committee which will provide technical guidance to the project. The steering committee would also be responsible for evaluating overall project implementation through periodic quarterly reviews. The Inter-Ministerial Committee would provide a mechanism for raising important issues such as forest concession management, land allocation decisions, and enforcement of regulations on illegal resource exploitation which are outside of the jurisdiction of the MOE.

The Project Management Office will establish a monitoring system to routinely track and report on project performance through quarterly and annual reports. Annual work plans will be formulated each year with specific milestones and deliverables. At the local level the project will establish a local park advisory council to assist in the formulation of annual work plans and to provide feedback on the overall activities of the park management. The monitoring and evaluation system will include a set of indicators derived from the "Guidelines for Monitoring and Evaluation for Biodiversity Projects" published by the GEF in June 1998. To better understand the learning and innovation aspects of this initiative, the project would test a structured process documentation approach to monitoring which would take into account lessons learned as the project is implemented.

Because of its learning objectives, the project would invest in an independent evaluation of project performance during implementation. An overall performance evaluation task would be contracted to an organization familiar with protected areas management and could include NGOs actively working in the project area.

D: Project Rationale

[This section is not to be completed in a LIL PAD. Rationale should be implicit in paragraph B: 3.]

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (supported by Annex 4):

[For LIL, to the extent applicable]

Other (specify)

Economic analysis of the project has not been undertaken because this is largely a capacity building project whose benefits are difficult to measure in monetary terms. However, it is expected that economic analysis would be undertaken on the pilot livelihood activities for local communities.

(e) the production of quarterly financial statements acceptable to IDA. Establishment of an adequate financial management and accounting system will be a condition of effectiveness. IDA will continuously review the operations of the new accounting system.

The financial management function will be headed by a Project Accountant and will be supported by adequate accounting staff. The appointment of a Project Accountant acceptable to IDA will be a condition of effectiveness. The PMO shall maintain project accounts identifying separately the expenditures funded by IDA, GEF and the Government funds. A Project Financial Management Manual, prepared by PWC and reviewed and cleared by IDA, describes in detail accounting procedures and responsibilities. A detailed description of the financial management arrangements is given in Annex 6.

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As a new accounting system is to be installed and staff trained in financial management, the project is not considered eligible for PMR based disbursement. IDA disbursement will be based on Withdrawal Applications supported by full documentation or Statement of Expenditures. Two Special Accounts (for IDA and GEF) will be established under the project at the National Bank of Cambodia (NBC) and managed by the PMO. Project funds will be disbursed through this account under the supervision of the Ministry of Economy and Finance.

The Borrower shall appoint an independent auditor acceptable to IDA. The auditor shall be responsible for the annual audit of the financial statements, and provide an opinion on the eligibility of the expenses on the basis of SOEs and transactions for the Special Accounts. The audited financial statements, together with audit reports and SOEs and the Special Accounts, shall be submitted to IDA within six months of the end of the Project's fiscal year. The audit shall be conducted in accordance with auditing standards acceptable to IDA and under terms of reference acceptable to IDA. Appointment of an auditor will be a condition of effectiveness.

3. Technical:

[For LIL, enter data if applicable or 'Not Applicable']

Not applicable.

4. Institutional:

a. Executing agencies:

It is widely recognized that GOC capacity to implement projects is weak. The project will address institutional strengthening at all levels of government by directing significant resources to training and technical assistance at the field level as well as at the national level. The project will also assist the Ministry of Environment in the preparation of long term organization strategies, professional development and leadership initiatives, legal and regulatory frameworks development, and establishment

5. Social:

There will be no resettlement undertaken in this project so no RAP is required. The project's field activities are, however, being implemented in an area occupied by a diverse range of social groups including people indigenous to the area. In accordance with OD 4.20 an analysis of indigenous people's issues was carried out by a qualified consultant. The findings of the consultants analysis are provided in the PIP and have been incorporated in the overall project design. No separate IPDP has been produced for the project as the definition of provisions for indigenous people will be an integral part of both the Park Management and the Community Development components.

During implementation, the final Virachey National Park management plan may require modifications to, or place limitations on, the access of local communities to resources within the park boundaries. To address this potential concern, the management planning process will be fully participatory relying on significant input of local knowledge. The project will finance participatory rural appraisals as part of the management planning process to ensure local concerns are addressed. The management plan will be endorsed by all affected communities. In addition the project will finance alternative livelihoods that are consistent with management objectives of VNP.

In addition, the project will finance field studies on traditional land tenure issues. Such studies will feed into the discussions of park boundaries, park zoning and land and natural resource use patterns both within and outside of the park. They will also offer a documentary base to explore the available avenues for the legal formalization of traditional patterns of land tenure in park area. The Government of Cambodia is revising a national land law which may have serious implications for customary tenure and ultimately for the success of national protected areas. To the extent possible the project will work closely to ensure that protected areas interests are taken into account during the revision of the national land law.

6. Environmental assessment: Environment Category: C

The project's objectives are to achieve sustainable management of the Virachey National Park. Field activities are small scale involving the construction of small park headquarters buildings and field posts. There are no significant direct environmental effects of any project component thus there is no separate Environmental Assessment prepared for the project. The project's field operations are being implemented in an area known to be subjected to illegal logging, hunting, and wildlife trade. If successful, the project will help to reduce and control such practices. The project will support the formulation of a medium term park management plan for Virachey National Park. Part of the plan will involve definition of land and resources use zones within the park and will define specific measures to be undertaken. To better understand the environmental dimensions of park management the management plan formulation process will involve principles of environmental planning. To ensure the long range sustainability of the plan, an environmental assessment will be carried out on the plan itself.

7. Participatory Approach (key stakeholders, how involved, and what they have influenced or may influence: if participatory approach not used, describe why not applicable):

b. Other key stakeholders:

Other stakeholders include the international donor community with interests in supporting protected areas management in Cambodia as well as local and international NGOs with an active interest in the sustainable development of Cambodia's natural resource base.

F: Sustainability and Risks

1. Sustainability:

This section is not to be completed in LIL PAD.

2. Critical Risks (reflecting assumptions in the fourth column of Annex 1):

Risk	Risk Rating	Risk Minimization Measure
From Outputs to Objective		
Government actions outside MOE do not support commitment to ensuring implementation of management plan for VNP;	S	Government policy statement indicate an increased understanding of forest sector issues and they are committed to forest sector reform through forest concession management project; Inter-ministerial committee will convene regular meetings to discuss VNP management issues on a regular basis;
Procedures / approaches developed at Virachey National Park are not suitable for other protected areas and national models are unable to be developed;	M	Close interaction between all project staff at national and provincial levels; regular study tours for VNP staff to other protected areas; project will hold regular workshops for national staff;
MOE unwilling or unable to implement key recommendations from legal, organizational and sustainable finance studies	S	Project will support numerous national workshops to ensure broad based consensus on issues; Inter-Ministerial committee will be consulted on all proposed strategic or policy reforms;
From Components to Outputs		
Technical assistance team is not mobilized in sufficient time to make meaningful contribution early on in project	M	Project has initiated recruitment of technical assistance and consulting services. A consultant will be appointed to assist MOE in the timely

Procedures for sub-project development are too cumbersome delaying start of community development initiatives	M	Preparation of PRA guidelines and PRA training is planned for field teams in Ratanakiri
Participatory planning methods and resulting community development projects do not provide sufficient incentive to divert pressure from resource use in VNP;	M	Project will develop clear and regular public awareness campaigns and will work through existing village development organizations to formulate initiatives which are clearly linked to conservation objectives
Appropriate local counterparts are not available to work on project	S	Project will provide opportunities for training and will provide appropriate equipment, field housing and allowances
Overall Risk Rating	S	Proactive program of public information campaigns and public participation in the design of management plans. Regular briefings with NGOs and other stakeholders

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)

3. Possible Controversial Aspects:

The project could pose some reputational risk for the Bank. First, the project is proposed in an area where both domestic and international illegal logging is known to occur. It is also being implemented in area where potentially controversial, large scale agri-business and forest concessions have been awarded. If the project does not lead to visible reductions or changes in the nature of illegal activities the IDA may be subject to criticisms of aiding and abetting illegal logging and simply contributing to un-sustainable land use practices.

Second, the VNP management plan may modify or pose restrictions on current resource use practices through park zoning. Decisions to realign the park boundaries and the land use controls implied by a management plan could reduce the local commitment to the plan if the determination of the new boundaries is not done in a broadly consultative manner. To facilitate consultation and collaboration, a participatory approach would be used to ensure that decisions on the park boundaries and access to the parks' natural and cultural resources by local residents are taken with key local stakeholders' input and support.

G: Main Loan Conditions

1. Effectiveness Condition

- the borrower has established an adequate financial management and accounting system, acceptable to the Association, and selected independent auditors to audit the records and accounts of the project;
- the borrower has established a project liason office in its Ministry of Environment in Phnom Penh;
- the borrower has employed a Project Director, three Technical Team Leaders, a Project Accountant, and Procurement Specialist with terms of reference acceptable to the Association;

2. Other [classify according to covenant types used in the Legal Agreements.]

- MOE will establish, not later than June 30, 2000, a Project Management Office (PMO) in Ban Lung, in the Province of Ratanakiri;
- For the duration of the project, the Government of Cambodia and the Provincial Governments of Ratanakiri and Stung Treng will furnish information to IDA on the status of all existing or planned land allocations and pending land transactions including, but not limited to, forest concessions, agri-business concessions, road and other infrastructure development, and refugee resettlement sites, which effect the integrity or management objectives of the Virachey National Park;
- MOE will submit a draft management plan for Virachey National Park for IDA on or before April 1, 2003. A final management plan will be completed on or before July 31, 2003;
- MOE will formally gazette the boundaries of Virachey National Park on or before June 30, 2003.

H. Readiness for Implementation

- 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
- 1. b) Not applicable.
- 2. The procurement documents for the first six months' activities are complete and ready for the start of project implementation; and a framework has been established for agreement on standard bidding documents that will be used for ongoing procurement throughout the life of LIL
- 3. The LIL's Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- 4. The following items are lacking and are discussed under loan conditions (Section G).

I. Compliance with Bank Policies

- 1. This project complies with all applicable Bank policies.

Annex 1: Project Design Summary

CAMBODIA: Biodiversity and Protected Areas Management Project

Hierarchy of Objectives	Key Performance Indicators	Monitoring & Evaluation	Critical Assumptions
Sector-related CAS Goal: Achieve sustainable utilization of Cambodia's natural resources	Sector Indicators: An effective National Protected Areas System is established	Sector / country reports:	(from Goal to Bank Mission) Continued political support at all levels for sustainable forest management and biodiversity conservation
Follow-on Development Objective The Protected Areas system of Cambodia follows a consistent and well articulated set of management, institutional, organizational, financial procedures, regulations and management approaches.	Wide scale adoption of procedures and approaches to protected areas management developed in the LIL;	Project progress reporting; stakeholder interviews.	Government willingness to implement long range organizational and institutional strategies;
Project Development Objective: Develop and test models for protected areas management.	Outcome / Impact Indicators: Results of organizational, finance, and management studies are adopted and promoted widely within MOE;	Project reports: Progress reports	(from Objective to Goal) International donors are willing to participate in long-range financing arrangements for protected Areas system;
Minimize illegal exploitation of Virachey National Park.	Management plan for VNP based on community and stakeholder participation is produced and accepted;	Virachey National Park Management Plan Field surveys by Park staff; community interviews	Participatory procedures allow stakeholders and Ministry to reach agreement on long range management objectives and strategies;
	Incidence of unplanned agricultural expansion, wildlife poaching, and illegal logging is reduced in VNP;	Reported sightings; field surveys, informant interviews;	External pressures on the resources of the Park do not increase; Patrolling is effectively implemented and public awareness campaigns are effective;

Hierarchy of Objectives	Key Performance Indicators	Monitoring & Evaluation	Critical Assumptions
<p>Output from each component: National Capacity Bldg National organizational, financial, regulatory and park management models are developed and in place.</p>	<p>Output Indicators:</p> <p>National leadership and ranger training programs are developed, tested and implemented;</p> <p>All national organizational, sustainable finance, EDSS, legal and regulatory reviews are completed and major recommendations accepted by MOE;</p> <p>PA management planning models are evaluated and adopted as national standards;</p>	<p>Project reports:</p> <p>Training manuals. Progress reports</p> <p>Organizational review documents. Progress reports</p> <p>Progress reports.</p>	<p>(from Outputs to Objective)</p> <p>Appropriate counterpart staff area available to work on key aspects of project</p> <p>Government is willing to implement recommendations and findings</p>
<p>Park Management: A four year pilot program of protected areas management is developed and implemented at Virachey National Park;</p>	<p>Patrolling systems in place and operational;</p> <p>Organizational and management framework developed and implemented for VNP;</p> <p>Number of ranger training programs implemented;</p> <p>Boundary demarcation in key areas completed</p> <p>Number and quality of awareness programs</p>	<p>Progress reports; Patrolling reports; Training modules and curriculum documents; Training evaluation reports; Management Plan documents; Field verification of boundary marks; Brochures and educational materials produced;</p>	<p>Equipment and facilities completed in a timely manner to allow the execution of project work;</p> <p>Counterpart staff available to man patrol teams and sufficient incentives provided to encourage long term participation in program;</p> <p>Counterpart staff given ample opportunity to use and master new skills</p> <p>Sufficient budget resources for plan implementation are allocated</p>
<p>Community Development Resource and social assessments are carried out</p>	<p>Resource and social surveys are completed and feed into</p>	<p>Beneficiary surveys. Progress reports</p>	<p>Resources are provided in a timely manner</p>

<p>Project Management: Establish effective systems of overall project management, quality control and performance evaluation.</p>	<p>Monitoring and evaluation systems developed, in place, and operational; Extent to which project activities are delayed due to funds release or availability of resources;</p>	<p>Progress reports</p>	<p>Counterpart staff are available to work in PMO;</p>
<p>Project Components / Sub-components: National Capacity Building Park Management Community Development Project Management, Monitoring and Evaluation</p>	<p>Inputs: (budget for each component) 1.41 million 1.92 million 1.08 million .50</p>	<p>Project reports: Progress report for each project component</p>	<p>(from Components to Outputs) Availability of counterpart funds and staff Timely procurement of goods and services Political support at all levels of government Willingness of stakeholders to participate in implementation of field based activities</p>

Annex 2: Project Description

CAMBODIA: Biodiversity and Protected Areas Management Project

Project Development Objective

The overall development objective of this Learning and Innovation Loan (LIL) is to help the Government of Cambodia achieve sustainable management of its system of national protected areas. At the present time the Ministry of Environment has little experience with establishment and management of protected areas on the ground. The experiences gained from this project would help the government to formulate a long term strategic vision for the national protected areas system and would help determine which approaches are most feasible and effective under the field conditions in Cambodia.

The immediate objectives of the project are twofold: (1) to develop and test proactive measures to minimize unsustainable exploitation and degradation of the biodiversity of national and global significance in the Virachey National Park; and (2) to use the experiences gained from Virachey to help formulate institutional models for the development of the National Protected Areas system of Cambodia. The project has four closely integrated components: a National Policy and Capacity Development Component; a Park Protection and Management Component; and a Community Development Component; and Project Management.

Overview of Biodiversity and Protected Areas in Cambodia

Cambodia exhibits the typically rich tropical biodiversity of the South-East Asia region. Compared to its neighbors, Cambodia still contains areas of relatively intact habitats and populations of species of national and global conservation significance. About 62% of the country's land area is covered by forests and another 30% of the land area comprises wetlands which occur mostly within the plains and valleys of the Mekong river. Cambodia's forest and wetland habitats support a wide diversity of flora and fauna. According to MacKinnon (1997), Cambodia harbors about 123 mammal species, 545 bird species, 88 reptile species and more than 2,300 species of vascular plants. Other estimates suggest that Cambodia may be one of the world's richest countries in terms of diversity of plant families, harboring about 54% of all families of seed plants (Ministry of Environment 1994. Cambodia: First State of the Environment Report.)

Cambodia's biodiversity is directly threatened by poorly planned and illegal logging, indiscriminate land clearing for agricultural and infrastructure development, and illegal wildlife poaching. Exact estimates of the level or pace of biodiversity loss are not available for Cambodia. Recent field surveys have not been carried out due to decades of civil war and political instability in remote rural areas. Since the early 1990s, harvesting pressure on forest and wetlands have increased rapidly because of growing domestic forest harvesting, foreign investment and a rapidly growing population estimated at 2.6-3.0% per annum. In November 1993, Cambodia declared a revised -- and ambitious -- national protected areas system. A Royal Decree issued by His Majesty King Norodom Sihanouk designated 22 national protected areas

The Virachey National Park

Virachey National Park is located in northeastern Cambodia and covers an area of 322,500 hectares (See map). This national park straddles the administrative boundaries of two Provinces: Ratanakiri and Stung Treng. Virachey National Park was selected as the pilot site for the proposed Biodiversity and Protected Area Management Pilot Project for several reasons:

(a) Diverse habitat types and biological communities of international importance. The biological diversity of Virachey comprises a wide representation of Cambodia's terrestrial biodiversity including evergreen, semi-evergreen and deciduous forest types, grassland and shrublands, and riparian wetlands. These different habitats support a wide range of flora and fauna, including about 43 species of mammals and 100 bird species of global conservation significance. The park area may also support populations of four recently discovered mammals in Laos and Vietnam – Vu Quang ox (*Pseudoryx nghethnihensis*), Khting vohr (*Pseudonovibos spiralis*), giant muntjak (*Megamuntiacus vuquangensis*) and Mekong pig (*Sus bucculentus*) – because their habitats are similar to those at Virachey. Available information suggests that the biodiversity in the park is relatively intact and that the area is among the last few refuges of wildlife in Southeast Asia.

(b) Increasing threats to biodiversity. Due to its remote and rugged terrain, Virachey National Park remains one of the least disturbed forest landscapes in Southeast Asia. Nevertheless, the Park faces numerous direct threats which, if left unchecked, will undermine its viability as a conservation area of regional and global significance. Several major direct and indirect trends threaten Virachey including: illegal domestic and international logging; wildlife trade; agricultural land use by buffer zone communities; large scale agri-business concessions in the vicinity of the park; and potential infrastructure development. The situation in Virachey provides a very good opportunity to test approaches to prevent the further degradation of biodiversity from direct and indirect threats which are steadily expanding in Ratanakiri and Stung Treng Provinces.

(c) Human Dimensions. In addition to its biodiversity value, Virachey National Park supports the subsistence needs of numerous communities living near the boundary of the Park. The communities adjacent to the park are ethnically diverse and include: Kreung, Kavet, Brou, and Lao people. While there are no formally registered villages within the Virachey National Park itself, nearby communities utilize portions of the Park on a year-round basis for hunting and gathering activities, and slash and burn cultivation. Virachey provides an opportunity to fully develop and test approaches to deal with the human dimension of protected areas management. This includes the difficult problems of addressing ways to effectively involve local communities in planning and implementation; resolving concerns over ensuring traditional use rights to the resources of the Park; and enhancement of the economic status of the people.

(d) Government Priority. Virachey National Park, Preah Sihanouk National Park, Bokor National Park, Kirirom National Park, Lomphat Wildlife Sanctuary, Angkor Protected Landscapes, Tonle Sap Multiple-Use Area, and the three proposed RAMSAR sites -- Mekong Leour, Boeung Chhma, and Koah Kapi have been identified as high priority for conservation in Cambodia's National Environmental Action Plan

transboundary park that would conserve more than half a million hectares of some of the most important montane, sub-montane, and lowland forests remaining in continental southeast Asia.

(f) Fewer Security Problems. The Virachey National Park area has been relatively free of security problems that have plagued some of the other protected areas. The area is reportedly free from the operations of the Khmer Rouge and should provide a secure environment in which to carry out the pilot activities of this project.

By Component:

Project Component 1 - US\$1.41 million

I. National Policy and Capacity Building Component

Objective: To help the Ministry of Environment develop the key elements of a long-term strategy to improve the development and management of the National Protected Areas System of Cambodia.

Activities: This component would support: (a) a comprehensive review of the existing organizational and management systems currently in place within MOE; (b) the development of national curriculum and implementation of pilot professional development, leadership and ranger training programs; (c) the formulation of a sustainable financing strategy for the entire protected areas system; (d) development of proto-type information systems to support protected areas management; (e) the development of national protected areas management planning guidelines; (f) a review of legal and regulatory constraints facing the establishment and management of protected areas and standards; and (g) public awareness and education programs related to protected areas management.

Items to be financed under this component include:

Goods -- vehicles, motor bikes, computers, furniture, office equipment, GIS hardware and software, data acquisition such as maps, satellite images;

Consultant services -- local and foreign technical assistance for project management, organizational review, legal studies, sustainable finance, GIS, park management planning, regulatory framework development, curriculum development;

Training -- national workshops, domestic and overseas training;

Salaries and allowances -- for contractual, temporary staff, and traveling MOE staff;

Incremental operating costs -- for operations of vehicles, office consumable, publications, expendable materials, equipment and facilities maintenance and operations, domestic air fare and other travel expenses.

Project Component 2 - US\$1.92 million

II. Park Protection and Management Component

Objective: To develop and test pilot initiatives supporting the basic management needs of Virachey National Park. The lessons derived from these initiatives will contribute to the formulation of national models for protected area management and will build a solid foundation for the implementation of a long-term program for biodiversity conservation in northeast Cambodia.

Activities: The component will support the provision of basic park infrastructure such as park headquarters, operational field bases, field outposts, trail systems, supplies and equipment for staff. It will also support the establishment of park protection initiatives including ranger training, regular systems of patrolling and monitoring, community outreach, education and awareness raising. This component would also support the formulation of a model five-year management plan for Virachey National Park. The proposed management planning process would address both the human and biological dimensions of conservation and would be based on comprehensive stakeholder participation. The project would support basic biological and socio-economic surveys and other primary data acquisition, map production, stakeholder participation, workshops, boundary demarcation in selected areas.

Items to be financed under this component include:

Civil works -- park headquarters at Voen Sai, administrative office facilities at Ta Vang and Siem Pang, ranger field shelters within the park, trail construction, and park boundary demarcation;

Goods -- field equipment for patrol teams (i.e., tents, clothing, binoculars, cameras, navigational aids, other tools etc.), office furniture, communications equipment, vehicles, boats, motor cycles, bicycles;

Consultant services -- domestic and international consultants in the fields of project management, protected areas management, aquatic and terrestrial ecology, biological and social surveys, remote sensing, community education and awareness, training, boundary survey;

Training -- development and implementation of on-site ranger training programs, professional development for park management staff, community awareness initiatives;

Salaries and allowances -- for contract staff, temporary employees, and traveling MOE and provincial government staff;

Incremental operating costs -- for operations of vehicles, office consumable, publications, expendable materials, field equipment and facilities maintenance and operations, medical treatment and medicines for traveling staff, domestic air fare and other travel expenses.

Key Outcomes. This component would result in: (1) the formulation of a five-year management plan for Virachey National Park addressing both the biological and the human dimensions of conservation

Project Component 3 - US\$ 1.08 million

III. Community Development Component

Objective: To develop, test and replicate proactive measures which involve local communities more directly in the planning and management of Virachey National Park. This component would address the development of community based initiatives directed at reducing pressure on the biological resources of VNP.

Activities: Communities adjacent to the Virachey National Park currently rely on the resources of the Virachey National Park for daily subsistence needs. Experience from around the world indicates that conservation activities could be jeopardized in the long term as population increases if the economic needs of adjacent communities are not addressed as an integral part of conservation activities. This component is included as a proactive measure to test ways to address community livelihood problems before they become an impediment to the conservation of biodiversity. The component would address the development and replication of community-initiated activities aimed at assisting people living adjacent to the Virachey National Park to modify unsustainable practices that could, in the long run, have adverse impacts on biodiversity.

This component would support in-depth natural resource and socio-economic assessments of communities living in and around the Park aimed at providing information on current livelihood practices, resource use patterns, cultural values, and other socio-economic conditions in selected communities. The component would also assist communities within and around Virachey to develop village and commune development plans to be submitted to the PRDC for funding. The component would make financial contributions to Ratanakiri and Stung Treng Provinces in order to fund community initiatives which are both consistent with overall park management objectives and which are viewed as priority community needs.

To finance community development initiatives, the project will provide financial contributions on a grant basis directly to Ratanakiri and Stung Treng Provinces up to a total of \$100,000 paid in tranches of \$20,000 to an account specifically targeted for the project's pilot communities. Under the GOC's SEILA program, Ratanakiri province (with support from the UNDP/CARRERE program) has established a Provincial Local Development Fund (PLDF) administered by a Provincial Rural Development Committee (PRDC) chaired by the Governor. Under the existing mechanism, individual community projects are identified through a comprehensive community planning process. Following PRDC approval, individual projects are executed through contracts between the PRDC and executing bodies such as government line agencies, private contractors or commune and village committees.

The SEILA program has developed a detailed financial manual which guides the disbursement and accounting of funds for community initiatives. The procedures described in the SEILA manual will be followed under this project. Under this project, individual community initiatives are expected to be small and are not likely to exceed \$2,500. Participating communes and beneficiaries will be expected to contribute about 10% of the total financial support for individual initiatives in cash or kind.

Goods -- vehicles, motor cycles bicycles, office furniture, equipment, computers;

Consultant services -- domestic and international consultants in project management, protected area management, PRA Techniques, anthropological surveys, resource assessments, community resource management, rural development;

Training -- on-site staff training for MOE and provincial government staff, participation in national and international workshops;

Community Development Projects -- For initiatives such as small scale community infrastructure, alternative livelihood proposals, community resource management plans, identified during the village and commune development planning process;

Salaries and allowances -- for contract and temporary staff such as census takers, and traveling MOE and provincial government staff;

Incremental operating costs -- for operations of vehicles, office consumables, publications, expendable materials, equipment and facilities maintenance and operations, medical services and medicine for field staff in Virachey , domestic airfares and other travel expenses, short-term vehicle / driver rentals.

Key Outcomes: This component would result in: (1) strengthened capacity of MOE and provincial government staff to facilitate community development initiatives; (2) evaluation of methodologies for involving communities in park protection and management; (3) increased community willingness to participate in initiatives which further park management objectives; (4) establishment of a zoning system in pilot areas which guides land use within and adjacent to the park; (5) evaluation of incentive systems and livelihood alternatives which complement park protection and management initiatives.

Project Component 4 - US\$0.50 million

IV. Project Management

Objective: To establish a competent project management and administrative unit to support all aspects of project planning and implementation

Activities: The project would support the establishment of a project management office in Ban Lung and the establishment of a project liaison office in Phnom Penh. The project would provide necessary office, facilities, equipment, furniture, and transportation to facilitate smooth operations of the PMO. The PMO will be responsible for day to day management and oversight of the project and will carry out essential functions such as work program planning, routine monitoring, progress reporting, accounting and auditing.

Items to be financed under the project include:

staff in Ban Lung and Virachey , domestic airfares and other travel expenses, short-term vehicle / driver rental;

Salaries and allowances -- for contract and temporary staff, traveling MOE and provincial government staff.

Key Outcomes: This component would result in: (1) capacity of PMO to prepare annual work plans which are clear, realistic and monitorable is improved; (2) flows of financial resources to support all project activities is timely and adequate; (3) capacity of MOE to manage programs of international donors independently is improved. (4) ability to monitor project performance is steadily improved.

Annex 3: Estimated Project Costs

CAMBODIA: Biodiversity and Protected Areas Management Project

Project Cost By Component	Local US \$million	Foreign US \$million	Total US \$million
National Capacity Building	0.42	0.99	1.41
Park Management and Protection	0.34	1.58	1.92
Community Development	0.25	0.83	1.08
Project Management	0.15	0.35	0.50
Total Baseline Cost	1.16	3.75	4.91
Physical Contingencies	0.00	0.00	0.00
Price Contingencies	0.00	0.00	0.00
Total Project Costs	1.16	3.75	4.91
Total Financing Required	1.16	3.75	4.91

Project Cost By Category	Local US \$million	Foreign US \$million	Total US \$million
Goods (equipment and vehicles)	0.11	0.55	0.66
Civil Works	0.13	0.19	0.32
Services/Technical Assistance	0.00	2.78	2.78
Training	0.32	0.20	0.52
Survey and Boundary Demarcation	0.04	0.01	0.05
Community Development Projects	0.08	0.02	0.10
Operating Expenses and Allowances	0.48	0.00	0.48
Total Project Costs	1.16	3.75	4.91
Total Financing Required	1.16	3.75	4.91

Annex 4

CAMBODIA: Biodiversity and Protected Areas Management Project GEF Incremental Cost Analysis

Project Development/Global Objective

The overall development and global objective of the proposed four-year pilot project is to support proactive measures, to minimize illegal exploitation or degradation of the relatively intact biodiversity of national and global significance in Virachey National Park (see Annex 5 for an overview of important biodiversity in the Virachey National Park). The project would help to develop and demonstrate a model approach to protected areas management appropriate for Cambodia.

Baseline Scenario and GEF Alternative

Baseline Scenario

During the last five years, the MOE has focused on very modest capacity building efforts to improve environmental management in Cambodia. However, the effectiveness many of these efforts on conservation has been limited because of a fragmented approach to human resource development and because of a limited number of trained skilled personnel, limited information on the status of biodiversity in protected areas, and lack of operational guidelines for management planning and implementation. In addition, the budgetary allocation to the MOE is inadequate, therefore, very limited funds are available to procure needed equipment and to cover operating expenses associated with the conservation of biodiversity.

Within the context of the proposed Biodiversity and Protected Area Management Pilot Project, the baseline actions would support capacity building in a more focused and systematic way for the MOE, specifically at the Department of Nature Conservation and Protection and the Provincial Departments of Environment in Ratanakiri and Stung Treng. These baseline actions/sub-components are summarized below:

(a) Organization and Management sub-component would involve organizational review of existing capacity within the MOE, specifically the Department of Nature Conservation and Protection and the Provincial Environment Departments in Ratanakiri and Steung Treng, to better define the roles and responsibilities of work units and staff positions related to biodiversity conservation. It is expected that this activity would result in more clearly defined roles and responsibilities needed to promote a consistent approach to resource policy, resource assessment and planning, communications and public education, standard setting, and training.

(b) Professional Development and In-Service Ranger Training sub-component would focus on protected areas management training and staff development. It would comprise of two major elements.

GEF Alternative

The above baseline actions/sub-components would provide an organizational foundation for the Virachey National Park, but it would not be enough to lay a strong foundation to proactively minimize the degradation of the park's unique biodiversity of global significance from potential threats such as logging, agricultural plantation development, and wildlife poaching because of limited available information on key flora and fauna, no recent tested models or approaches for conservation in the country, and lack of core management infrastructure. Therefore, a GEF alternative has been developed to achieve this objective. This alternative comprises of the above baseline actions and the following incremental actions or sub-components that focus on: (a) development of basic park infrastructure; (b) collection of baseline biophysical and socioeconomic information necessary for park management planning and the establishment of an information management system to support conservation activities; (c) promotion of conservation awareness; (d) implementation of park protection systems; (d) development of pilot livelihood activities for selected local communities adjacent to the park; and (e) development of a model institutional framework for a long-term financial mechanism for biodiversity conservation.

(a) Park Infrastructure sub-component would include development of a park headquarters, two operational bases, and reliable and adequate communications systems to support day-to-day management activities at the Virachey National Park. Equipment would also be provided to ensure that park staff can operate effectively and safely;

(b) Park Protection sub-component would provide basic protection against habitat encroachment and illegal harvesting of natural resources by strengthening the patrolling capacity of park staff and support for conservation activities by local communities and other stakeholders;

(c) Participatory Management Planning sub-component would support the preparation of a five-year management plan for the Virachey National Park that would address both the biodiversity and human dimensions of conservation;

(d) Community Development sub-component would support community-initiated activities aimed at assisting people living adjacent to the Virachey National Park to modify unsustainable practices that could have adverse impacts on biodiversity;

(e) Environmental Decision Support sub-component would involve the development of an information management system that would provide a single point of reference for information required for the management of Virachey and other protected areas by policy makers, park managers, international researchers, local and International conservation groups, etc.

(f) Long-term Financial Mechanism for Biodiversity Conservation (implemented as part of the operational framework sub-component) is aimed at providing technical assistance to the MOE to develop a model institutional framework, through a stakeholder consultative process, for future establishment of a long-term financial mechanism. Although some donors have expressed interest in capitalizing an environmental fund, there is consensus in the development community in Cambodia that such a fund should be capitalized when political stability and governance in the country improves.

Incremental Cost Matrix

Project sub-components	Cost Category	Cost (US\$ million)	Domestic Benefit	Global Benefit
(a) Organization and management	Baseline Actions	0.20	Establishment of a strong institutional foundation for effective protected area management at national and field levels by improving organizational arrangements and roles, operational approaches, and skills of staff and local communities	N/A
(b) In-service training		0.70		
(c) Operational framework (guidelines for protected areas management)		0.20		
(d) Project management		0.20		
Total Baseline Cost		1.30		
(a) Organization and management	GEF Alternative Actions	0.20	Establishment of a strong institutional foundation for effective protected area management	Improved protection of biodiversity of national and global significance in VNP through a collaborative effort of the MOE, local communities and other government and non-governmental stakeholders Availability of baseline information on status and trends of biodiversity of global and national significance and other biophysical and socio-economic information on VNP necessary for management Preparation of a long-term plan for management of VNP that takes into account lessons from pilot activities under the project. Establishment of the EDSS to
(b) In-service training		0.70		
(c) Operational framework (guidelines for protected areas management and development of model institutional framework for financing biodiversity conservation)		0.30		
(d) Park infrastructure		0.70		
(e) Park protection		0.70		
(f) Participatory management planning		0.50		
(g) Community development		1.08		
(h) Environmental decision support system (EDSS)		0.25		
(i) Project management		0.50		

Annex 5: Financial Summary

CAMBODIA: Biodiversity and Protected Areas Management Project Years Ending

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Financing Required							
Project Costs							
Investment Costs	1.2	1.3	1.2	0.8	0.0	0.0	0.0
Recurrent Costs	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Total Project Costs	1.3	1.4	1.3	0.9	0.0	0.0	0.0
Total Financing	1.3	1.4	1.3	0.9	0.0	0.0	0.0
Financing							
IBRD/IDA	0.4	0.5	0.6	0.4	0.0	0.0	0.0
Government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Provincial	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Co-financiers	0.8	0.9	0.7	0.4	0.0	0.0	0.0
User Fees/Beneficiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Financing	1.3	1.4	1.3	0.9	0.0	0.0	0.0

Annex 6: Procurement and Disbursement Arrangements

CAMBODIA: Biodiversity and Protected Areas Management Project

Procurement

Procurement capacity assessment

The capacity assessment for procurement management was carried out during project pre-appraisal in May 1999. The Ministry of Environment (MOE), the implementing agency has little experience in implementing projects financed with foreign assistance. This will be the first Bank financed project it will implement. Therefore, to ensure that project procurement is carried out on schedule and to build MOE capacity, it was recommended and MOE agreed as a condition of effectiveness to hire a procurement consultant during the first year when most of the procurement is expected to be completed, with extension of services on needs basis for the remaining period. The MOE procurement staff will work closely with the procurement consultant, receive on-the-job training, and will also participate in Bank-sponsored in-country training. Thus, MOE staff will gain knowledge and capacity to handle procurement, and the risk to implement project procurement would be within an acceptable level. Given the assessment rating of the procurement risk, the prior review thresholds have been set on the lower side.

Procurement methods (Table A)

Procurement of goods and works under the project will follow the "Guidelines for Procurement under IBRD Loans and IDA Credits", published in January 1995, and revised in January 1996, August 1996, September 1997, and January 1999 (the Guidelines). Contracts for consulting services would be procured in accordance with the provisions of the "Guidelines for the Selection and Employment of Consultants by World Bank Borrowers", published January 1997, revised September 1997 and January 1999 (the Consultant Guidelines).

Civil Works. (US\$ 0.32 million) comprise park headquarters, office facility upgrading, and patrol outposts. The works would mostly consist of small contracts for buildings at different locations, rehabilitation and renovation of existing buildings, guard outposts and trails, and would not therefore be suitable for procurement through large scale competitive bidding procedures. None of these works are expected to cost more than US\$ 60,000 equivalent per contract; the one for the park headquarters building at Voen Sai estimated at US\$ 60,000, being the largest. These would therefore be procured through simplified procedures on the basis of obtaining quotations from at least three contractors in response to a written invitation. The invitation would include a detailed description of the works including basic specifications, the required completion date, a form of agreement acceptable to the Association and relevant drawings, where applicable. The award would be made to the contractor offering the lowest price quotation for the work and who has the experience and resources to complete the contract successfully.

Services. (US\$ 3.3 million) comprise technical assistance, workshops and training courses. Consulting firms (US\$ 2.3 million) will be hired using the quality-based selection procedures, following the Bank's Standard Request for Proposal dated July 1997, revised April 1998 and July 1999. Contracts for individual consultant's services including short-term consultants (US\$1.0 million), would be procured in accordance with Section V of the Consultant's Guidelines.

Other Activities to be financed include Community Investment Projects (US\$ 0.10 million) and Incremental Operating Costs and Allowances (US\$ 0.48 million). Investment subprojects, expected to cost less than US\$ 2,500 equivalent each, would be procured through shopping procedures, based on the solicitation of three price quotations from qualified contractors. In order to permit beneficiaries to make their contribution to the costs of subproject construction in the form of labor or materials, these procedures could be adapted to allow for community participation in the case of subprojects expected to cost less than US\$ 2,500 each. The payment of incremental operating expenditures and allowances (US\$ 0.48 million) would follow Government procedures acceptable to IDA.

Table A: Project Costs by Procurement Arrangements
(US\$ million equivalent)

Expenditure Category	Procurement Method ¹				Total Cost
	ICB	NCB	Other ²	N.B.F.	
1. Works	0.00 (0.00)	0.00 (0.00)	0.32 (0.00)	0.00 (0.00)	0.32 (0.00)
2. Goods	0.00 (0.00)	0.00 (0.00)	0.66 (0.00)	0.00 (0.00)	0.66 (0.00)
3. Services Consultants and Training	0.00 (0.00)	0.00 (0.00)	3.30 (0.00)	0.00 (0.00)	3.30 (0.00)
4. Community Development Projects	0.00 (0.00)	0.00 (0.00)	0.10 (0.00)	0.00 (0.00)	0.10 (0.00)
5. Incremental operating costs	0.00 (0.00)	0.00 (0.00)	0.48 (0.00)	0.00 (0.00)	0.48 (0.00)
6. Survey and Boundary demarcation	0.00 (0.00)	0.00 (0.00)	0.05 (0.00)	0.00 (0.00)	0.05 (0.00)
Total	0.00 (0.00)	0.00 (0.00)	4.91 (0.00)	0.00 (0.00)	4.91 (0.00)

^{1/} Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include

Table A1: Consultant Selection Arrangements (optional)
(US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost ¹
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms	0.00 (0.00)	2.30 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	2.30 (0.00)
B. Individuals	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.00 (0.00)	0.00 (0.00)	1.00 (0.00)
Total	0.00 (0.00)	2.30 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.00 (0.00)	0.00 (0.00)	3.30 (0.00)

^{1/} Including contingencies

Note: QCBS = Quality- and Cost-Based Selection
QBS = Quality-based Selection
SFB = Selection under a Fixed Budget
LCS = Least-Cost Selection
CQ = Selection Based on Consultants' Qualifications
Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.

N.B.F. = Not Bank-financed

Figures in parenthesis are the amounts to be financed by the Bank loan.

Prior review thresholds (Table B)

Prior review would be required for (a) all works contracts; (b) all contracts for vehicles and the first four contracts for goods regardless of value; and (c) all contracts for consultancy services. These arrangements would ensure prior review by IDA of contracts worth an estimated US\$ 4.09 million or about 85% of the value of all goods, works and services, to be procured under the project. Ex-post review would be carried out on a sample basis of one out of two contracts for those not subject to prior review.

Financial Management and Disbursements

In Cambodia, there is no formal accounting system at the ministerial level as all accounting is centralized in the Treasury. The Financial Management function is concerned with processing requests for

statements acceptable to IDA. IDA has reviewed this system, including the procedures manual designed by PWC, participated in a training session conducted by PWC for project accounting staff and is satisfied on the suitability and adequacy of this financial accounting system and the accounting procedures, and also on the quality of training provided to project staff for the purpose of project financial management activities.

The FM Function. The Project Financial Management Function will include a Project Accountant who will head the function and will be based in Ban Lung, Ratanakiri, an assistant accountant for the liaison office in Phnom Penh and one supporting staff at each of the offices to assist in the accounting function. The Project Accountant will travel between the two locations approximately every two weeks.

The overall responsibility for the FM function will be with the Project Accountant who will report to the Project Director. He/she will be responsible for preparation of the annual budget, monthly and quarterly financial reports, annual consolidated financial statements and supervising the assistant accountant and the two accounting assistants at the two offices. The appointment of the Project Accountant shall be a condition of effectiveness. The main office in Ban Lung will also handle expenditures for the Park Management and the Community Development Components

The assistant accountant in charge of the liaison office in Phnom Penh will be responsible for expenditure control of the Policy and Capacity Building component, coordination on expenditure approval and withdrawal application activities with the MEF, and special account related Banking activities in Phnom Penh under the direct supervision of the Project Accountant.

The computerized accounting system will be installed and will be in operation at both locations. Transfer of data to replicate the databases at each location will be conducted every two weeks by physical transfer of data through diskettes. It will be the responsibility of the Project Accountant to ensure that the data is properly replicated.

Authorization of Expenditure. The accounting manual prepared by PWC describes in detail the procedures for approval of project related expenditures. In summary, expenditures will be approved by the Project Accountant and the Project Director before any payments are made. The assistant accountant/accounts assistants will first prepare the payment vouchers with all supporting documents and forward them to Project Accountant for review and first level approval. Project Accountant after satisfying that all documents are in order will approve and forward to the Project Director for final approval. The expenditure above an agreed limit will also require MEF approval. This will be a subject of a Memorandum of Understanding (MOU) to be signed by the PMO and MEF. The expenditures above the threshold will be approved by the MEF in addition to being approved by the Project Accountant and the Project Director.

Bank Accounts. IDA disbursement will be based on Withdrawal Applications supported by full documentation or Statement of Expenditures. Two Special Accounts (for IDA and GEF) will be established under the project at the National Bank of Cambodia (NBC) and managed by the PMO. The Project Accountant will be responsible for disbursements through this account under expenditure approval

the Bank accounts held in Phnom Penh as needed since there are no banking facilities in Ban Lung. The cash float will be advanced initially from counterpart funds and then when that is spent reimbursed from the SA.

Accounting and Financial Reporting. Project accounts will separately identify expenditures by each source of funds, IDA, GEF, and the Government, through source of funds code integrated in the chart of accounts. PWC has designed various forms--purchase orders, disbursement vouchers, petty cash and journal vouchers, etc.--to supplement the procedures and has provided the PMO with draft copies of the procedures manual and forms for review and comment. These procedures were also reviewed and approved by the Bank's FM staff. The month end closings, preparation of Bank reconciliation and the preparation of PMR reports and submission of these reports to IDA will be the responsibility of the Project Accountant. Further details on daily accounting and month end closing procedures are described in the accounting manual.

The annual financial statements submitted to IDA will include, at a minimum, the following documents: (a) a summary of Source and Users of Funds; (b) Uses of Funds by Project Activity; (c) Contract Expenditure Report on Consultants; (d) a project consolidated balance sheet; (e) comparative figures from previous years; and (f) notes to the financial statements. PMO shall prepare quarterly Project Management Reports showing budget, actual and variance for Reports (a) and (b) above and contract information in Report (c) above commencing second quarter of year 2000 and submit to IDA within 45 days of the end of each quarter.

Audit. The Borrower shall appoint an independent auditor acceptable to IDA. The auditor shall be responsible for the annual audit of the financial statements, and provide an opinion on the eligibility of the expenses on the basis of SOEs and transactions for the Special Account. The audited financial statements, together with audit reports and SOEs and the Special Account, shall be submitted to IDA within six months of the end of the Project's fiscal year. The audit shall be conducted in accordance with auditing standards acceptable to IDA and under IDA terms of reference. Appointment of an auditor will be a condition of effectiveness.

Statement of Expenditures. Disbursements would be made against Statements of Expenditures (SOEs) for project incremental operating costs, training and for expenditures under contracts for goods (except vehicles). Documentation for expenditures would be retained by the PMO and made available to the Bank on request. All other disbursement from the Credit would be supported by full documentation and contracts.

Special Accounts. To facilitate the IDA credit and GEF Grant disbursement the Ministry of Environment Project Management Office will open two separate Special Accounts, to be maintained in US Dollars at the National Bank of Cambodia (NBC) on terms and conditions satisfactory to IDA. The IDA Special Account, which would cover IDA's share of eligible expenditures in all disbursement categories, would have an authorized allocation amounting to US\$ 150,000, equivalent to about 4 months average disbursement. The GEF Special Account, which would cover GEF's share of eligible expenditures in all disbursement categories, would have an authorized allocation amounting to US\$ 250,000, equivalent to

Table B: Thresholds for Procurement Methods and Prior Review ¹

Expenditure Category	Contract Value Threshold (US\$ thousands)	Procurement Method	Contracts Subject to Prior Review (US\$ millions)
1. Works	< 100	Shopping	All contracts / 0.32
2. Goods - Goods - Vehicles	< 50 regardless of value	Shopping UN	First four contracts / 0.20 All contracts / 0.27
3. Services - Firms - Individuals	Only contract Regardless of value	QBS CQ	Only contract / 2.30 All contracts / 1.00

Total value of contracts subject to prior review: US\$ 4.09 million

Overall Procurement Risk Assessment

High

Frequency of procurement supervision missions proposed: One every 6 months (includes special procurement supervision for post-review/audits)

^{1/} Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Disbursement

Allocation of loan proceeds (Table C)

Table C1: Allocation of IDA Credit Proceeds

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	25,000	10%
(2) Goods	125,000	25% of foreign expenditures 50% of local expenditures (ex-factory)

Table C2: Allocation of GEF Grant Proceeds

Category	Amount of GEF Trust Fund Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	130,000	60%
(2) Goods	330,000	75% of foreign expenditures and 50% of local expenditures
(3) Training	75,000	20%
(4) Survey and boundary demarcation	30,000	90%
(5) Grants for community activities under Part C.3 of the project in:		100% of Grant amount
(a) Ratanakiri Province	45,000	
(b) Stung Treng Province	25,000	
(6) Incremental operating costs	80,000	30%
(7) Consultants' services	1,100,000	60%
(8) Unallocated	185,000	
TOTAL	2,000,000	

Annex 7: Project Processing Schedule

CAMBODIA: Biodiversity and Protected Areas Management Project

Project Schedule	Planned	Actual
Time taken to prepare the project (months)	6	7
First Bank mission (identification)	12/01/97	12/01/97
Appraisal mission departure	10/15/99	10/15/99
Negotiations	11/01/99	
Planned Date of Effectiveness	01/01/2000	

Prepared by:

Glenn Morgan, Team Leader

Preparation assistance:

Japanese PHRD Trust Funds

Consultants included David Ashwell (Biodiversity); Ian Garven, Jon Wormersley (Protected Areas Management); Chris Naab (Project management); Kara Page (Indigenous People); Dr. Kuswata Kartawinata (CIFOR, External Peer Reviewer).

Bank staff who worked on the project included:

Name	Speciality
Herbert Acquay	Natural Resource Management
Lanfranco Blanchetti-Revelli	Indigenous People / Community Development
Manju Sharma	Procurement Specialist
Christopher Redfern	Economist
David Sisen	Cost Analysis / Project Management
Wijaya Wickrema	Financial Management
Renganaden Soopramanien	Legal
Minhnguyet Le Khorami	Task Assistant
Kaye Henry	Task Assistant
Ethel Sennhauser	Peer Reviewer
Anthony Whitten	Peer Reviewer
Omowunmi Ladipo	Financial Management and Disbursements
Preethi Wijeratne	Financial Management

Annex 8: Documents in the Project File*

CAMBODIA: Biodiversity and Protected Areas Management Project

A. Project Implementation Plan

Draft PIP, December 1998

Revised draft PIP in electronic format, November 1999

B. Bank Staff Assessments

Back to Office Reports and Aides Memoire

A Vision for Forestry Sector Development: A Background Note, February 1999

Cambodia Forest Policy Assessment, August 1996

C. Other

Cambodia: National Environmental Action Plan 1998-2002, January 1998

Biodiversity and Protected Areas Management Project: A Project Proposal Prepared for the World Bank, July 1998

Proceedings of the Workshop on Participatory Management of Virachey National Park, November 1998

Provincial Development Plan for Ratanakiri Province 1999-2000

1998 Activity Review 1999 Work Plan for CARRERE Ratanakiri Province

Biological Diversity of Virachey National Park and Far North eastern Cambodia. Interim Report on Biological Values, Conservation Issues and Information Requirements, David Ashwell, 1998

*Including electronic files

Annex 9: Statement of Loans and Credits

CAMBODIA: Biodiversity and Protected Areas Management Project

Project ID	FY	Borrower	Purpose	Original Amount in US\$ Millions				Difference between expected and actual disbursements ^a	
				IBRD	IDA	Cancel	Undisb	Orig	Frm Rev'd
Number of Closed Projects: 2									
KH-PE-4030	1999	GOVT OF CAMBODIA	KH-RD REHABIT.	0.00	45.31	0.00	43.22	0.00	0.00
KH-PE-50601	1999	CAMBODIA	KH-SOCIAL FUND II	0.00	25.00	0.00	23.95	1.00	0.00
KH-PE-58841	1999	CAMBODIA	KH NORTHEAST VILLAGE	0.00	5.00	0.00	4.82	0.50	0.00
KH-PE-45629	1998	GOVT OF CAMBODIA	URBAN WATER SUPPLY	0.00	30.96	0.00	27.05	6.62	0.00
KH-PE-4033	1997	KINGDOM OF CAMBODIA	AGRI.PRODUCT IMP.	0.00	27.00	0.00	24.17	13.80	0.98
KH-PE-4034	1997	KINGDOM OF CAMBODIA	DISEASE CONTROL&HEAL	0.00	30.40	0.00	21.82	10.72	0.00
KH-PE-4032	1996	GOVT. OF CAMBODIA	PHNOM PEHN POWER REH	0.00	40.00	0.00	4.25	9.17	0.00
KH-PE-34755	1995		TECHNICAL ASSISTANCE	0.00	17.00	0.00	3.02	3.56	0.00
Total:				0.00	220.67	0.00	152.30	45.37	0.98

	Active Projects	Closed Projects	Total
Total Disbursed (IBRD and IDA):	72.65	101.77	174.42
of which has been repaid:	0.00	0.00	0.00
Total now held by IBRD and IDA:	240.67	102.70	343.37
Amount sold:	0.00	0.00	0.00
of which repaid:	0.00	0.00	0.00
Total Undisbursed:	152.30	0.00	152.30

^{a/} Actual disbursements to date minus intended disbursements to date as projected at appraisal.

Annex 10: Country at a Glance

CAMBODIA: Biodiversity and Protected Areas Management Project

9/8/99

POVERTY and SOCIAL

1998

	Cambodia	East Asia & Pacific	Low-income
Population, mid-year (millions)	10.7	1.817	3.515
GNP per capita (Atlas method, US\$)	280	990	520
GNP (Atlas method, US\$ billions)	3.0	1.802	1.844

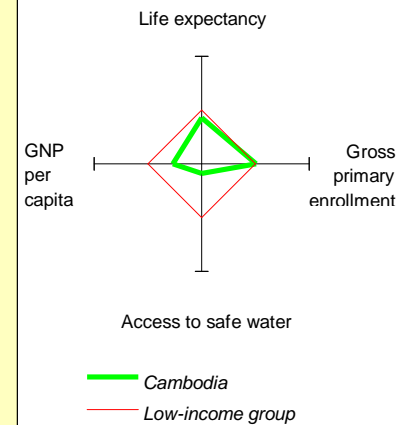
Average annual growth, 1992-98

	Cambodia	East Asia & Pacific	Low-income
Population (%)	2.6	1.2	1.7
Labor force (%)	2.6	1.6	1.9

Most recent estimate (latest year available, 1992-98)

	Cambodia	East Asia & Pacific	Low-income
Poverty (% of population below national poverty line)	36
Urban population (% of total population)	22	35	31
Life expectancy at birth (years)	54	69	63
Infant mortality (per 1,000 live births)	103	37	69
Child malnutrition (% of children under 5)	38	20	..
Access to safe water (% of population)	13	77	74
Illiteracy (% of population age 15+)	..	15	32
Gross primary enrollment (% of school-age population)	110	117	108
Male	119	119	113
Female	100	118	103

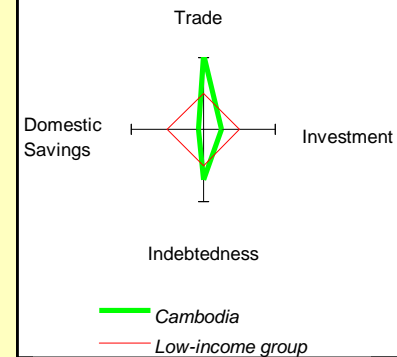
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1977	1987	1997	1998
GDP (US\$ billions)	3.2	3.0
Gross domestic investment/GDP	19.0	15.0
Exports of goods and services/GDP	32.5	34.6
Gross domestic savings/GDP	9.3	4.5
Gross national savings/GDP	11.1	5.9
Current account balance/GDP	-5.9	-7.4
Interest payments/GDP	0.1	0.2
Total debt/GDP	66.9	74.2
Total debt service/exports	1.0	1.3
Present value of debt/GDP	52.4	..
Present value of debt/exports	175.8	..

Economic ratios*

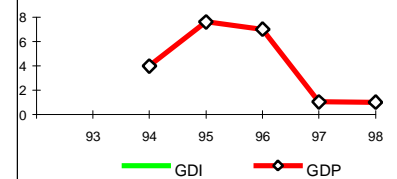


	1977-87	1988-98	1997	1998	1999-03
(average annual growth)					
GDP	..	4.9	1.0	1.0	..
GNP per capita
Exports of goods and services

STRUCTURE of the ECONOMY

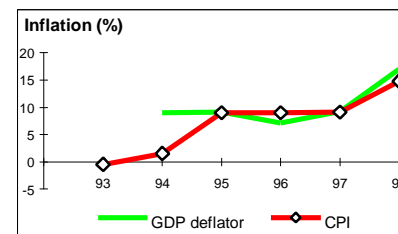
	1977	1987	1997	1998
(% of GDP)				
Agriculture	50.7	50.6
Industry	14.8	14.8
Manufacturing	5.8	6.2
Services	34.5	34.6
Private consumption	81.7	86.6
General government consumption	9.0	8.9
Imports of goods and services	42.2	45.2

Growth rates of output and investment (%)



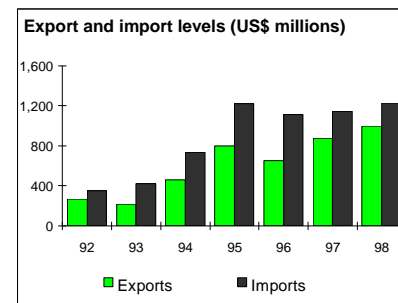
PRICES and GOVERNMENT FINANCE

	1977	1987	1997	1998
Domestic prices				
(% change)				
Consumer prices	9.1	14.8
Implicit GDP deflator	9.2	16.9
Government finance				
(% of GDP, includes current grants)				
Current revenue	10.6	8.4
Current budget balance	1.6	-0.3
Overall surplus/deficit	-3.2	-3.7



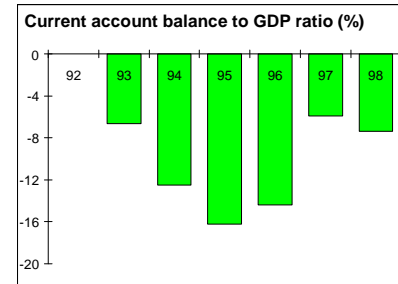
TRADE

	1977	1987	1997	1998
(US\$ millions)				
Total exports (fob)	874	999
Rubber	23	25
Logs	124	100
Manufactures	279	390
Total imports (cif)	1,142	1,227
Food
Fuel and energy
Capital goods
Export price index (1995=100)
Import price index (1995=100)
Terms of trade (1995=100)



BALANCE of PAYMENTS

	1977	1987	1997	1998
(US\$ millions)				
Exports of goods and services	991	994
Imports of goods and services	1,285	1,297
Resource balance	-294	-303
Net income	-17	-18
Net current transfers	123	101
Current account balance	-188	-220
Financing items (net)	216	231
Changes in net reserves	-28	-11
Memo:				
Reserves including gold (US\$ millions)	262	390
Conversion rate (DEC. local/US\$)	2,861.1	3,605.9



EXTERNAL DEBT and RESOURCE FLOWS

	1977	1987	1997	1998
(US\$ millions)				
Total debt outstanding and disbursed	2,129	2,211
IBRD	0	0
IDA	132	156
Total debt service	10	13
IBRD	0	0
IDA	1	1
Composition of net resource flows				
Official grants	210	194
Official creditors	39	55
Private creditors	-3	-3
Foreign direct investment	168	120
Portfolio equity	0	0

